

GENERAL FUND REVENUE BUDGET AND CAPITAL PROGRAMMES FOR THE FINANCIAL YEAR 2004/05

1. INTRODUCTION

- 1.1. This report sets out the draft General Fund revenue budget and capital programmes for the financial year 2004/05 for the Cabinet to consider and make recommendations to the Council. The recommendations of the Cabinet will be considered by the Council at the meeting on 25 February 2004.
- # 1.2 The General Fund Forecast for 2004/05 to 2007/08, shown in Appendix 1 to this report, includes all Expenditure Plan proposals previously considered by the Cabinet as well as some new proposals
- 1.3 Although there will be no further opportunity for Review Panels to consider new proposals included within this report, Members will be able to raise issues at the meeting of the Council on 25 February.

2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2003/04

- 2.1 The provisional settlement shows Total External Grant of £9.232m and a Formula Spending Assessment of £21.98m. Details of the final settlement are not anticipated to be received before the Cabinet meeting. Members will be updated orally at the Council meeting.

3. GENERAL FUND REVENUE BUDGET FOR 2004/05

- # 3.1 The draft General Fund Revenue budget for 2004/05, as shown in Appendix 1, amounts to £18.658 million. This is a net reduction of £0.410 million or 2.15% from the original approved budget of £19.068 million for 2003/04.
- 3.2 This includes the following provisions:

	£000's
Expenditure Plan Bids	2019
Expenditure Plan Savings and Additional Income	-2190
Inflation	840
Changes re Benefits Grant Receipts	-946
Increase in Investment Income	-370
Increase in Capital Financing Provision	243

- 3.3. The General Fund Housing Service estimates allow for site licence fees and service charges for Stillwater Park to be increased by 2.5%, which is in line with inflation.

4. GENERAL FUND – REVIEW PANEL / COMMITTEE COMMENTS

- 4.1 All Panels / Committees supported the budgets presented, including the service specific items set out in section 5 of this report.

5. GENERAL FUND – ADDITIONAL EXPENDITURE BID ITEMS

- 5.1 Since the January meeting of the Cabinet, a number of additional variations to the proposed budget have been identified; these are detailed below.
- 5.2 **Second Homes (£91,000)-**
On 7 January 2004, Cabinet approved a 90% Council Tax charge on second homes, which will generate additional income of £91,000 to this Council. It is proposed to spend this additional income on Social Housing within the District. Budget provision has been included in the Housing Capital Programme detailed in Appendix 3 and is funded by an increase in the General Fund Capital Financing Provision in Appendix 1.
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- 5.3 **2004/2005 Revenue Contribution to Capital (£102,000)**
In addition to the increase in the Capital Financing provision set out in paragraph 5.2, it is proposed to increase the contribution by a further £ 102,000, thus reducing the draw on the Capital Reserve to fund the Capital Programme.
- 5.4 **Housing/Council Tax Benefits (£154,000)**
The budget report considered by Cabinet in January set out changes in the Grant payment arrangements relating to Housing and Council Tax Benefits. At the time it was anticipated that the £1.1m reduction in Revenue Support Grant would be matched by the payment of additional direct Grant. It is now estimated that the new arrangements will result in a net cost to the Council of £154,000.
- 5.5 **Recycling Grant (£- 64,200)**
The Government has recently announced a grant allocation of £ 64,200 to assist with the funding of recycling initiatives within the District.
- 5.6 **Leisure Income from Sales Partnership (£50,000)**
The Leisure Portfolio expenditure plans included £230,000 income from the Sales Partnership. It is now predicted that income will be £180,000.
- 5.7 **Interest Earnings (£ - 370,000)**
The January Cabinet General Fund Budget report assumed interest earnings of £800,000. Due principally to changes to the treatment of credit ceilings within the Prudential Code, it is now predicted that earnings will be £1m. In addition, it has been assumed that the Council will pursue debt free status, resulting in further interest earnings of £170,000, as detailed in the “Capital Finance in Local Authorities” report presented to January Cabinet.

5.8 Vehicle Maintenance Virement (£32,000)

A change in the estimated allocation of vehicle maintenance costs has increased the charge to refuse/recycling vehicles within the Environment Portfolio and reduced the estimated cost to vehicles within the Commercial Services accounts. The anticipated surplus transfer from Commercial Services which was originally set at £80,000 has therefore been increased by £32,000 to compensate for the increased costs falling on the Environment Portfolio. There is no overall impact on the General Fund .

5.9 Superannuation(£-500,000) / Capital Financing Provision(£500,000)

The Corporate and Finance expenditure plans included additional superannuation costs of £300,000 per year in 2005/06 and 2006/07. Due to recent improvements in the stock market, the bids have been reduced to £200,000 per annum. The reduction has been used to increase the revenue contribution to capital, thus improving the Capital Reserve figure by £500,000 by the end of 2007/2008. There is no overall impact on the General Fund.

5.10 Recycling Initiatives (-£40,350 in 2004/5)

The Environment Portfolio expenditure plans included funding for a trial kerbside glass collection scheme. Following discussions with Project Integra, this scheme has been delayed for one year to 2005/06 but has been replaced in 2004/05 with a chargeable garden waste collection scheme and the extension of the clear sack recycling scheme. Both replacement schemes will be funded by DEFRA grant or chargeable income in 2004/05 but the clear sack extension will result in additional running costs of £109,000 from 2005/06. There will be further commitments in approximately 7 years time when vehicles purchased by DEFRA grant become due for replacement. The net impact of the changed proposals is to reduce 2004/05 bids by £40,350, increase 2005/06 bids by £119,100 and increase 2006/07 bids by £30,250.

6. COUNCIL TAX INCREASE

- # 6.1 Based on the budget shown in Appendix 1 to this report, a Council Tax of £130.94 at Band D level will be required for 2004/05; this represents a 4.90% increase over the current year.

7. OTHER SERVICES CAPITAL PROGRAMME

- 7.1 A detailed capital expenditure programme was considered by Cabinet on 5 November 2003 and an updated summary was presented on 7 January 2004. Further variations that have been identified since January are detailed below and an updated summary statement is shown in Appendix 2.

£'000

- Net rephasing of schemes from 2003/04 to 2004/5. -914
- Saving on Bartley Park (Developers' Contribution) – 2003/04 - 10
- Saving on Western Solent Coast Protection Scheme – 2004/05 -100
- Recycling vehicles funded by DEFRA grant – 2004/05 137

7.2 The principal rephasing is £500,000 re Hangar Farm but full details of other rephasings and scheme savings are set out in the 2003/04 Financial Monitoring report elsewhere on this agenda. The Western Solent scheme saving is due to the transfer of costs to the Regional Monitoring project. The recycling vehicles are for the schemes identified in paragraph 5.10.

8. OTHER SERVICES CAPITAL PROGRAMME – PANEL / COMMITTEE COMMENTS

8.1 All Panels/Committees supported the budgets presented. There were no specific comments to be passed to Cabinet.

9. HOUSING CAPITAL

9.1 On 7 January 2004, Cabinet considered a detailed Housing capital expenditure report. There are two amendments to the proposed programme:

- An increase of £91,000 in the Social Housing Grant budget, as detailed in paragraph 5.2.
- An increase of £13,000 in Major Repairs expenditure due to the receipt of additional Major Repairs Allowance Subsidy, as detailed in the Housing Revenue Account report elsewhere on this agenda.

The updated detailed programme is shown in Appendix 3.

10. HOUSING CAPITAL – PANEL / TENANTS' COMMENTS

10.1 Members and Tenants were pleased to note the reinstatement of an Environmental Enhancements budget but hoped to see it increased once the medium term business plan has been reassessed.

11. ENVIRONMENTAL AND CRIME AND DISORDER IMPLICATIONS

11.1 There are no environmental or crime and disorder implications arising directly from this report.

12. EMPLOYEE SIDE COMMENTS

12.1 These will be reported orally at the meeting of the Cabinet.

13. RECOMMENDATIONS

13.1 It is recommended that Cabinet:-

13.1.1 give consideration to the comments of the Review Panels outlined within this report.

13.1.2 approve the additional expenditure plan bids detailed in Section 5 of this report;

13.1.3 recommend to Council that the General Fund budget for 2004/05 be set at £18.658m.

13.1.4 recommend to Council that the Council tax be agreed at £130.94 for a Band D property for 2004/05.

13.1.5 recommend to Council that site licence fees and service charges at Stillwater Park be increased by 2.5%.

13.1.6 recommend to the Council that the General Fund Capital Programme for 2004/05 be agreed as £4.193m.

13.1.7 recommend to Council that the Capital Programme for Housing for 2004/05 be set at £6.850m.

For further information contact:

Chris Malyon, Director of Resources
Tel: 023 8028 5701
Email: chris.malyon@nfdc.gov.uk

Background Papers:

Report A Cabinet 5/11/03
Report C Cabinet 7/1/04
Report D Cabinet 7/1/04

NEW FOREST DISTRICT COUNCIL
DRAFT GENERAL FUND FORECAST 2004/05 TO 2007/08 BASED ON 2003/04 BUDGET

<u>27/01/04</u>	2003/04	2004/05	2005/06	2006/07	2007/08
	£000	£000	£000	£000	£000
Net Portfolio Requirements	20055	19140	18658	19929	21277
Est. Inflation (salary related)		560	580	600	620
Other Inflation		180	180	190	190
Sub Total (A)	20055	19880	19418	20719	22087
Capital Financing Provision		243	100	100	
Sub Total (B)	20055	20123	19518	20819	22087
Less Interest on Balances(net)		-800	-370		
Sub Total (C)	19255	19753	19518	20819	22087
Transfer From MRP/Reg157		-115	142	110	
Budget Requirements Total (D)	19140	19616	19660	20929	22087
Add Expenditure Plan Bids					
Corporate & Finance		693	370	390	69
Crime & Disorder		10	-10	0	10
Economy & Planning		272	-40	0	0
Environment		137	172	50	30
Health & Social Inclusion		4	4	0	0
Housing		17	-3	-3	-3
Leisure		726	-70	0	-2
General Purposes & Licensing Committee		35	6	0	0
Planning Development Control Committee		124	0	0	0
Standards Committee		0	0	0	0
Sub Total Bids	0	2019	429	437	105
Deduct Expenditure Plan Savings					
Corporate & Finance		-221	-108	-5	0
Crime & Disorder		0	0	0	0
Economy & Planning		-743	0	-6	0
Environment		-157	44	-15	0
Health & Social Inclusion		0	0	0	0
Housing		-50	-4	-4	-4
Leisure		-562	-200	-59	-1
General Purposes & Licensing Committee		-198	129	0	0
Planning Development Control Committee		-259	0	0	0
Standards Committee		0	0	0	0
Sub Total Savings	0	-2190	-138	-89	-5
Other Items (Approved during 03/4)		271	-22	0	-15
Direct Benefits Grant		-946			
Transfer from Commercial Services		-112			
Forecast Budget Requirements Total (E)	19140	18658	19929	21277	22172
Transfer to/from(-) Reserves	-72				
Budget Required after Reserve Transfer	19068	18658	19929	21277	22172

FINANCED

Collection Fund /RSG/ NDR	10395	9454	9570	9711	9854
Council Tax	8673	9204	10359	11566	12318
	19068	18658	19929	21277	22172

Council Tax	124.82	130.94	147.08	163.91	174.25
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Council Tax Increase		4.90	12.33	11.44	6.30
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**NEW FOREST DISTRICT COUNCIL
OTHER SERVICES CAPITAL EXPENDITURE
SUMMARY AND RESOURCES 2003/04 TO 2007/08**

APPENDIX 2

Date Prepared :-

27-Jan-04

ESTIMATED EXPENDITURE	2003/04 £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	Total £'000
Corporate & Finance	887	460	228	110	-	1,685
Crime & Disorder	33	-	100	-	-	133
Environment - General	653	326	181	180	5	1,345
Environment - Coast Prot / Land Drainage	1,612	1,095	1,107	9,207	10,928	23,949
Economy & Planning	336	261	-	-	-	597
Leisure - General	1,047	1,409	358	76	20	2,910
Leisure - Developers' Contributions	1,646	642	9	9	-	2,306
TOTALS	6,214	4,193	1,983	9,582	10,953	32,925

PROPOSED FINANCING

BCA (Loan)	153					153
SCA (Coast & Land Drainage)	200	196	176	1,731	2,315	4,618
SCA Commutation	396					396
Minimum Revenue Provision						-
Grants & Other Contributions	1,859	1,226	1,131	7,586	8,613	20,415
Developers' Contributions	1,665	642	9	9	-	2,325
Revenue Provision (Gen. Fund.)	-	152	252	352	352	1,108
Usable Capital Receipts		200				200
Advance Grant re Coast P and Land D	-416					-416
Capital Reserve	2,357	1,777	415	- 96	- 327	4,126
TOTALS	6,214	4,193	1,983	9,582	10,953	32,925

ESTIMATED BALANCES

	01/04/03 £000	01/04/04 £000	01/04/05 £000	01/04/06 £000	01/04/07 £000	01/04/08 £000
CAPITAL RESERVE	5,778	3,421	1,644	1,229	1,325	1,652
DEV. CONTRIBS.	6,591	4,926	4,284	4,275	4,266	4,266

Notes:

1. Subject to agreement with the District Auditor, there will be a further £2.3m available towards capital or revenue expenditure from the Commutation Reserve.
2. Once the Council's debt is repaid, the estimated £5m balance of investments held under the current 'set-aside' rules will become available, subject to specific technical criteria, to meet future capital expenditure or be retained for investment.
3. The optimum use of these resources will be more fully evaluated and reported to Members as part of the future financial strategy for the Council.

APPENDIX 3

HOUSING PORTFOLIO - CAPITAL ESTIMATES 2004/05

PROJECT	ESTIMATED TOTAL COST	ACTUAL TO 31/03/03	----- 2003/04 -----		ESTIMATE 2004/05	POST 2004/05
			ORIGINAL ESTIMATE	LATEST ESTIMATE		
	£'000	£'000	£'000	£'000	£'000	£'000
PRIVATE SECTOR						
Improvement Grants						
Renovation Grants	1,088	-	435	435	435	218
Disabled Facilities Grants	860	-	460	400	460	
TOTAL IMPROVEMENT GRANTS	1,948	-	895	835	895	218
ENABLING ACTIVITIES						
- Social Housing Grant						
Stopples Lane, Hordle	335	303		32		
Hazel Farm Ph 4 (For Rent)	1,222	978	244	244		
Hazel Farm Ph 4 (Shared Ownership)	287	273	14	14		
Clockhouse	118	47	71	71		
Safer Communities	85		34	85		
Water Lane	-		78			
Womens Refuge	85	42	17	43		
Normandy Way - Sh/Ownership	290	145		130	15	
Normandy Way - Rented	1,410	564		564	282	
Rumbridge Street	252	117		135		
Burnt House Lane	162			86	76	
Dreamland Hythe	171			171		
Lime Kiln Lane	341			341		
New Starts - General	2,210		1,902	50	1,740	420
- Second Home Income	91				91	
	7,059	2,469	2,360	1,966	2,204	420
TOTAL PRIVATE SECTOR	9,007	2,469	3,255	2,801	3,099	638
PUBLIC SECTOR						
MAJOR REPAIRS						
Major Repairs Allowance (Subsidy)	6,354		3,214	3,214	3,140	-
Revenue Contribution to Major Repairs	733		372	372	361	
TOTAL MAJOR REPAIRS	7,087	-	3,586	3,586	3,501	
Environmental Enhancements	250				250	
TOTAL PUBLIC SECTOR	7,337	-	3,586	3,586	3,751	-
PORTFOLIO TOTAL GROSS COST	16,344	2,469	6,841	6,387	6,850	638