

GENERAL PURPOSES & LICENSING COMMITTEE – 18 JANUARY 2008

REVENUE AND CAPITAL ESTIMATES 2008/09

1. INTRODUCTION

- 1.1 The initial draft of General Purposes & Licensing Committee's revenue estimates for 2008/09 is set out in this report. The Committee is asked to approve the estimates, which will eventually be submitted to Council on 25 February 2008. In addition, Members are asked to consider and comment on the additional expenditure plans items presented to Cabinet on 2 January 2008.
- 1.2 At some time before the meeting, Members may find it helpful to raise any matters of detail with Kevin Green on (023) 8028 5715 or Alfons Michel on (023) 8028 5713.

2. KEY POINTS

- 2.1 Estimated revenue expenditure for 2008/09 is £680,620, which is an increase of £21,940 (3.33%) from the original 2007/08 budget. All variations from the 2007/08 budget are detailed within the body of the report.
- 2.2 The detailed estimates incorporate the expenditure plans items that were considered by Panels/Committees in November 2007.
- 2.3 When the expenditure plans schedules were considered in November, Members were advised that further savings of £500k needed to be identified if a 3% Council Tax increase is to be achieved. Since that time additional budget increase pressures totalling £578k and budget reduction items totalling £531k have been identified. The net impact is to increase the outstanding budget reduction requirement to £547k if a 3% Council Tax increase is to result. The schedule of new items, considered by Cabinet on 2 January 2008, is attached as Appendix 2. No items relate specifically to this Committee but others may impact on the Committee once they have been appropriately allocated. None of the new proposals, considered in January, have been included in the attached detailed estimates, as they had not been identified at the time the initial detailed estimates process was carried out. They will be included prior to the final budget books being produced.
- 2.4 There is no proposed capital programme for 2008/09.

3. REVENUE ESTIMATES – GENERAL

- 3.1 The revenue estimates show the original estimated cost of each service provided by the Committee for both 2008/09 and for 2007/08. Actual figures for 2006/07 are also included.
- 3.2 Provision has been made for the effects of known or projected levels of inflation. Inflation covers general price increases, the estimated cost of the pay award and the estimated cost of salary increments.
- 3.3 Employees –
 - 3.3.1 Under the Internal Recharging arrangement operated by this Council, employee costs are recharged to services from Business Units. The charges comprise salaries, other staffing costs, supplies and services, accommodation and support service business unit costs appropriate to the operation of the Business Unit. Charges from Business Units to services vary due to a change of incidence in the time allocated to providing services.
 - 3.3.2 Variations in the cost of Business Units arising from the expenditure plans are shown within appropriate Portfolios/Committees. In some instances, bids/savings have been included in the expenditure plans reports of particular Portfolios but when costs have been allocated to services they have impacted on other Portfolios. Such an item is the cost of superannuation increases which was shown in the Finance and Efficiency Portfolio but impacts on all services. The allocation of such items to this Committee is summarised in Appendix 1.
- 3.4 The support services' heading comprises allocable corporate costs. These principally relate to the provision of financial and other corporate management systems and time allocations from Business Units including ICT, Personnel, Accountancy, Audit Services and Receptions and Area Offices. The costs are aggregated in a holding account before being re-charged across all Council Services, pro-rata to employee allocations.

4. REVENUE ESTIMATES – ORIGINAL 2008/09

4.1 The original 2008/09 net revenue expenditure budget is £21,940 higher than the original 2007/08 budget. The main variations are detailed below:

	£	Para
Inflation	27,820	4.2
Expenditure Plans	-2,950	4.3
Business Unit Allocations	-2,200	4.4
Support Services	4,970	4.5
Virements	-5,700	4.6
	<u>21,940</u>	

4.2 **Inflation (£27,820)** – The overall increase in the 2008/09 budget relating to inflation is £27,820 (4.22%). The increase on expenditure headings is £31,540 (3.42%) and on income headings is -£3,720 (1.42%). The income figure is low due to no inflation allowance on some statutory fixed-fee items, in particular Premises Licences.

4.3 **Expenditure Plans (-£2,950)** – On 2 January 2008, Cabinet approved the inclusion of the Expenditure Plans bids and savings in the detailed General Fund budgets. Items totalling -£2,950 that were considered by Panels/Committees in November are listed in Appendix 1 and are included in the detailed budget figures. Narrative explaining each bid or saving was included in the November reports. New proposals, considered by Cabinet in January, have not been included in the attached detailed estimates as they had not been identified at the time the initial detailed estimates process was carried out. They will be included prior to the final budget books being produced.

4.4 **Business Unit Allocations (-£2,200)** – Reasons why these adjustments occur are explained in paragraph 3.3. The main business units that make up the change in allocation are as follows;

	£
• Legal & Democratic Services	-2,000
• Electoral Services	-350
• Licensing Services	<u>150</u>
	<u>-2,200</u>

4.5 **Support Services (£4,970)** – Excluding inflation and virements totalling £50,730, total allocable corporate costs have increased by £15,580 with Portfolios bearing the overall cost in relation to the relative size of Business Unit allocations made to the Portfolio. The allocation to this Committee has increased by £4,970 due to the fact that Business Unit allocations have increased relative to other Portfolios.

- 4.6 **Virements (-£5,700)** – When the 2007/08 budgets were set a number of general savings items, such as reductions in supplies and services costs, reductions in employee costs and reductions in training costs were initially allowed for in the Contingency Fund. These savings items have now been allocated to Portfolios and the proportion of the savings falling on this Committee is £2,770. Due to a small net decrease in other costs as a result of small movements between Business Units, total virements for this Portfolio amount to -£5,700.

5. SUMMARY OF REVENUE BUDGET

	2007/08 £	2008/09 £	Variation £	%
Gross Operational Expenditure	921,490	941,630	20,140	2.19
Income	-262,810	-266,530	-3,720	1.42
Net Capital Charges	658,680	675,100	16,420	2.49
	-	5,520	5,520	100
Net Total	658,680	680,620	21,940	3.33

6. CAPITAL EXPENDITURE

- 6.1. No capital programme is proposed for 2008/09.

7. ENVIRONMENTAL IMPLICATIONS

- 7.1. There are no environmental implications arising directly from this report

8. CRIME AND DISORDER IMPLICATIONS

- 8.1 There are no crime and disorder implications arising directly from this report.

9. EQUALITY AND DIVERSITY IMPLICATIONS

- 9.1 There are no equality and diversity implications arising directly from this report.

10. RECOMMENDATIONS

10.1 Members are recommended to: -

- i) approve revenue estimates for 2008/09, but note that there will be amendments once the additional expenditure plans items considered by Cabinet on 2 January 2008 are allocated to services and when additional items are identified during the remainder of the budget setting process.
- ii) agree any comments to be passed to Cabinet in respect of the detailed estimates presented or the additional items set out in Appendix 2.

For Further Information:

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Background Papers:

Annual Report and Accounts 2006/07
Expenditure Plans 2008/09 to 2011/12
General Purposes & Licensing
Committee - 16 November 2007

or

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General Purposes and Licensing Committee
Expenditure Plans 2008/09

	2008/09 £
<u>SERVICE BIDS</u>	
Enforcement Officer	28,000
Legal Costs for Licensing Panel Appeals	10,000
Sub Total Bids	38,000
<u>SERVICE SAVINGS</u>	
Electoral Admin Act - additional election costs	-37,500
Gambling Act	-2,000
Admin Reduction	-12,000
Sub Total Savings	-51,500
TOTAL NET SERVICE BIDS	-13,500
<u>FINANCE AND EFFICIENCY BIDS AND SAVINGS</u>	
ICT Work Programme	5,520
Superannuation	5,510
Other	-480
Sub Total Finance and Efficiency	10,550
TOTAL NET BIDS	-2,950

ADDITIONAL REVENUE BIDS/SAVINGS

	Note	Portfolio/ Committee	£'000	£'000
Savings Target at November Cabinet/Review Panels				500

New Proposals**BIDS**

Concessionary Travel	1	P&T	300	
Planning Delivery Grant	2	PDC	100	
Housing Benefits Admin Grant	3	F&E	70	
Income from National Park	4	F&E	50	
Abandoned Vehicles Administration	5	ENV	17	
District Audit Fees	6	F&E	15	
Offices Grounds Maintenance	7	F&E	9	
Collection Fund Surplus	8	F&E	9	
Joint Committee Administration	9	F&E	3	
Fordingbridge Market Town Health Check	10	EMP/HLTH	5	
				578

SAVINGS

Interest Earnings	11	F&E	-115	
Senior Management Restructure	12	F&E	-87	
ICT Work Programme/Licences	13	F&E	-56	
Various Business Unit Savings	14	F&E	-54	
Revenue Support Grant/NDR	15	F&E	-51	
Tax Base Increase	16	F&E	-41	
Contribution to Redundancy Provision	17	F&E	-36	
Superannuation	18	F&E	-32	
Electricity	19	F&E/LEIS	-23	
Leisure Equipment Replacement Programme	20	LEIS	-19	
Vehicle Replacement Programme	21	F&E	-10	
Treasury Management Contract	22	F&E	-7	
				-531
NET ADDITIONAL BIDS/SAVINGS(-)				47

CURRENT SAVINGS TARGET @ 3% COUNCIL TAX INCREASE				547
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- ¹ Concessionary Travel – The Council has been notified that it will receive £493k specific grant to fund the extension of the Concessionary Travel Scheme. It is anticipated however that additional costs incurred will exceed the grant awarded by £300k.
- ² Planning Delivery Grant – The Council has not yet received details of its award of grant under the new Planning and Housing Grant arrangements. However, it is anticipated that the new arrangements will result in less grant being received than under the existing Planning Delivery Grant scheme and therefore the income budget is currently proposed to be reduced by £100k. The position will be reviewed when further details are received.
- ³ Housing Benefits Admin Grant – The financial strategy assumed an inflationary increase in administration grant from the DWP but the actual grant to be received is £80,010 less than had been assumed. This reduction has however been partially offset by a non recurring grant of £10,000 for the introduction of the Local Housing Allowance.
- ⁴ Income from National Park – The Council has provided financial services to the National Park Authority since its creation. The National Park has now transferred the S151 role to Hampshire County Council and it is possible that the provision of other financial services will follow. The existing income budget of £50k is being removed in anticipation of the full service transfer but budget may be reinstated if the Council is successful in retaining any services following its tender submission.
- ⁵ Abandoned Vehicles – The Council currently arranges for the removal, storage and disposal of abandoned vehicles but is reimbursed by Hampshire County Council for storage and disposal costs, as that element is their responsibility. Included in the reimbursement is an element for administration costs. The County Council is negotiating a countywide contract for abandoned vehicles and intends to withdraw this Council's administration contribution. The Council may benefit from reduced collection costs but overall the net impact will be a net additional budget requirement of £16,670.
- ⁶ District Audit Fees – The Council has been notified that the Audit Commission are proposing to increase the average audit fees by 14% in 2008/09, 8% in 2009/10 and 8% in 2010/11. This will result in an estimated increase in fees in 2008/09 of £15,000.
- ⁷ Offices Grounds Maintenance – The report to Cabinet in November proposed a saving of £8,610 through reduced maintenance at Appletree Court and the Town Hall Lymington. It is now proposed that this saving is withdrawn.
- ⁸ Collection Fund Adjustment – Latest predictions of the Council's proportion of the Collection Fund surplus will result in £9k less income than was predicted in the November Cabinet report.
- ⁹ Joint Committee Administration – The report to Cabinet in November proposed a saving of £2,900, as the Council was not receiving any bills for Committee administration costs for the Test Valley Partnership. As bills have now been received the proposed budget reduction needs to be withdrawn.

- ¹⁰ Fordingbridge Market Town Health Check – The Council has offered to support this proposal, subject to other funding being obtained, with payments of £5,000 in 2007/08 and 2008/09. The payment in 07/08 will be met from existing budgets but specific budget provision is proposed for 2008/09.
- ¹¹ Interest Earnings – An increase from the previous forecast for 2008/09 is due to a higher level of interest rates than previously anticipated (£101,000) and higher investment balances than forecast (£14,000).
- ¹² Senior Management Restructure – It is anticipated that the review of the senior management structure will result in employee savings of £87k.
- ¹³ ICT Work Programme – Following a review of the proposed work programme and hardware replacement it has been possible to reduce the ongoing costs of the programme by £40,000 from those reported in November.
- ¹⁴ Various Business Unit Savings – Savings of £54k have resulted across a number of business units due principally to new appointments being made on lower spinal points than departing staff.
- ¹⁵ Revenue Support Grant – The level of Revenue Support Grant for 2008/09 will be £51,000 greater than was assumed in the figures presented to Cabinet in November.
- ¹⁶ Tax Base Increase – The number of band D properties making up the tax base approved by Cabinet in December was 277 greater than had been assumed when the November report was written. The impact of this is to generate additional Council Tax income of c£41k.
- ¹⁷ Contribution to Redundancy Provision – The 2007/08 budget includes a £37k contribution to the Redundancy Provision. This relates to the last phase of previously identified redundancies and therefore budget provision can be removed in 2008/09.
- ¹⁸ Superannuation – Latest indications of the likely employers' contribution rate will reduce the £191k November report expenditure plan bid by £32k to £159k.
- ¹⁹ Electricity – The Council has negotiated a reduction in the electricity tariff for a number of its buildings which will reduce costs by £23k.
- ²⁰ Leisure Equipment Replacement Programme – Following the movement away from leasing of leisure equipment, the Council has greater flexibility over the timing of its replacement programme, resulting in savings of £19k.
- ²¹ Vehicle Replacement Programme – The detailed vehicle replacement programme has been reviewed and the General Fund expenditure plan bid submitted in November can be reduced by £10k, largely due a bigger proportion of the overall bid relating to the Housing Revenue Account
- ²² Treasury Management Contract – During 2007/08 the Council re-tendered the contract for Treasury Management advice, resulting in savings of £7k.

GENERAL PURPOSES & LICENSING COMMITTEE

REVENUE ESTIMATES

2008/09

General Purposes & Licensing Committee Revenue Estimates

	2006/07 ACTUALS	2007/08 ESTIMATE	2008/09 ESTIMATE
	£	£	£
<u>SUMMARY OF NET EXPENDITURE</u>			
Elections	99,515	165,230	132,500
Animal Welfare	7,699	8,060	8,360
Caravan & Camping	43,940	46,500	48,120
Skin Piercing	4,059	3,060	3,170
Gambling Act	9,433	15,630	14,120
Hackney Carriages & Private Hire Licences	-11,605	2,140	2,450
Health & Safety	209,857	227,120	236,130
Miscellaneous Licences	15,182	15,340	16,080
Public Entertainment Licences/Liquor Licences	-10,823	26,680	60,860
Registration of Electors	154,192	148,920	158,830
	521,449	658,680	680,620

General Purposes & Licensing Committee Revenue Estimates

	2006/07 ACTUALS	2007/08 ESTIMATE	2008/09 ESTIMATE
	£	£	£
<u>SUMMARY EXPENDITURE AND INCOME</u>			
Employee Costs	612,898	677,750	718,030
Premises	3,646	0	0
Supplies & Services	100,038	156,370	129,660
Support Services	81,270	86,360	93,020
Capital Financing	5,331	1,010	920
	803,183	921,490	941,630
Income	-281,734	-262,810	-266,530
	521,449	658,680	675,100
Capital Charge	0	0	5,520
	521,449	658,680	680,620

Net Cost Variation in 2008/09 over 2007/08 Estimate 21,940

ANALYSIS OF VARIATION 2008/09 FROM 2007/08 ESTIMATE

Inflation	27,820
Expenditure Plans	-2,950
Business Unit Allocations	-2,200
Support Services	4,970
Virements	-5,700
	21,940

General Purposes & Licensing Committee Revenue Estimates

	2006/07 ACTUALS	2007/08 ESTIMATE	2008/09 ESTIMATE
	£	£	£
Elections			
Employee Costs	73,900	77,830	80,540
Premises	3,646	0	0
Supplies & Services	11,717	82,210	46,770
Support Services	9,280	10,240	10,490
Capital Financing	1,602	1,010	920
	<u>100,144</u>	<u>171,290</u>	<u>138,720</u>
Income	-630	-6,060	-6,220
	<u>99,515</u>	<u>165,230</u>	<u>132,500</u>
Animal Welfare			
Employee Costs	15,810	16,690	17,280
Supplies & Services	6,087	3,490	3,580
Support Services	1,990	2,200	2,250
	<u>23,887</u>	<u>22,380</u>	<u>23,110</u>
Income	-16,188	-14,320	-14,750
	<u>7,699</u>	<u>8,060</u>	<u>8,360</u>
Caravan & Camping			
Employee Costs	39,030	41,090	42,570
Support Services	4,910	5,410	5,550
	<u>43,940</u>	<u>46,500</u>	<u>48,120</u>
Skin Piercing			
Employee Costs	3,790	3,990	4,130
Support Services	470	530	540
	<u>4,260</u>	<u>4,520</u>	<u>4,670</u>
Income	-201	-1,460	-1,500
	<u>4,059</u>	<u>3,060</u>	<u>3,170</u>

General Purposes & Licensing Committee Revenue Estimates

	2006/07 ACTUALS	2007/08 ESTIMATE	2008/09 ESTIMATE
	£	£	£
Gambling Act			
Employee Costs	8,860	9,100	9,430
Supplies & Services	573	5,330	3,460
Support Services	0	1,200	1,230
	9,433	15,630	14,120
Hackney Carriages & Private Hire Licences			
Employee Costs	55,620	59,120	61,230
Supplies & Services	20,192	20,310	20,820
Support Services	6,990	7,720	7,970
	82,802	87,150	90,020
Income	-94,407	-85,010	-87,570
	-11,605	2,140	2,450
Health & Safety			
Employee Costs	185,599	200,500	208,450
Supplies & Services	1,239	1,110	1,130
Support Services	23,020	25,580	26,620
	209,857	227,190	236,200
Income	0	-70	-70
	209,857	227,120	236,130
Miscellaneous Licences			
Employee Costs	22,160	23,840	24,700
Supplies & Services	0	50	50
Support Services	2,790	3,080	3,220
	24,950	26,970	27,970
Income	-9,768	-11,630	-11,890
	15,182	15,340	16,080

General Purposes & Licensing Committee Revenue Estimates

	2006/07 ACTUALS	2007/08 ESTIMATE	2008/09 ESTIMATE
	£	£	£
Public Entertainment Licences/Liquor Licences			
Employee Costs	122,524	150,150	170,040
Supplies & Services	928	50	10,050
Support Services	20,210	17,870	22,350
Capital Financing	3,730	0	0
	147,391	168,070	202,440
Income	-158,215	-141,390	-141,580
	-10,823	26,680	60,860
Registration of Electors			
Employee Costs	85,605	95,440	99,660
Supplies & Services	59,303	43,820	43,800
Support Services	11,610	12,530	12,800
	156,518	151,790	156,260
Income	-2,326	-2,870	-2,950
	154,192	148,920	153,310
Capital Charge	0	0	5,520
	154,192	148,920	158,830