

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – COMMUNITY

15 JANUARY 2008

ESTIMATES

1. Introduction

- 1.1 Attached are the draft estimates for 2008/09, which are circulated for discussion and comment before they are presented to the Scrutiny Committee on January 2008.
- 1.2 This report outlines the strategic framework within which the estimates have been prepared, changes in accounting practices, which affect all budgets and detailed reasons for any significant changes in the Management Unit estimates.

2. Budget Framework

- 2.1 The estimates include assumptions for pay, general inflation and income as follows:
- | | |
|---------------------------|-------------------------------|
| • Pay | 2.5% |
| • General inflation | Nil (see paragraph 2.2 below) |
| • Income | 3.0% |
| • Interest on Investments | 5.75% |
- 2.2 As a means of finding efficiency savings, many non-pay budgets will not be increased for inflation. There will be some exceptions to this in particular where there are ongoing contractual arrangements in place and where the Council has to meet the full price increase e.g. fuel and electricity. The Retail Price Index (RPI) for September 2007 was 3.9%. Although the Government no longer produce targets for the RPI it is still used to determine increases in pensions, benefits and pay negotiations.
- 2.3 With regard to interest rates the UK base rate has been gradually increased from 4.75% in August 2006 to 5.5% in December 2007. The overall growth and interest rate expectations of the United Kingdom economy remain uncertain in the future although many analysts are predicting that a further rise to the base rate in the coming months is unlikely and could even fall. Based upon the Council achieving a 5.75% return on its cash investments next year, this will yield around £1.3 million in the Council's General Fund budget. A small change of 0.1% either way from our assumption would lead to either an increase or reduction of income of around £23,000.
- 2.4 The latest Comprehensive Review (CSR07) indicates a tough financial settlement ahead for Local Government for the next three years. There will be an aggregate increase in external grant funding of 4.2% in 2008/09, 3.5% in 2009/10 and 3.4% in 2011/12. This amounts to a real terms increase of 1.5%, 0.8% and 0.7% over the CSR period. Given the government's priorities will continue to be for Education and Social Care, the actual grant increase for district council services is significantly less than this. The CSR07 has also indicated a significant reduction in the Local Authority Business Growth Initiative (LABGI) funding from £1 billion in CSR04 to £150 million over CSR07. There will be LABGI funding of £50

million for 2009/10 and £100 million in 2010/11, with no funding outlined for 2008/09. To date Exeter City Council has benefited greatly from this initiative having received £465,108 for 2005/06, £923,941 for 2006/07, and the current budget estimates a further £1.5 million for this (2007/08) financial year.

2.5 At its meeting on the 20 November 2007, Executive approved a budget strategy based on the best known data with regard to Government spending targets:

- Formula Grant increase 3.0%
- Council tax guideline 4.5%

2.6 The Government have now announced the provisional local government finance settlement for 2008/09. For Exeter the guideline figure is as follows:

- Formula Grant £11.893m (increase 1.4 %)

The provisional settlement now indicates that in cash terms our grant will increase by £164,000.

2.7 The available capital resources for 2008/09 are £19.705 million with £19.616 million required in respect of the General Fund, of which £2.132 million is required for new approvals, and that the Housing capital programme will be some £5.217 million making a total spend of £24.833 million. This shows that the Council will have to use borrowing in addition to other capital resources to finance its capital programme requirements. This will also have an ongoing impact on the Council's revenue budget. The current revenue cost of borrowing consisting of interest and loan repayments, is about £85,000 for each £1 million that is borrowed. The prudential capital framework enables the Council to borrow within self-imposed targets largely based on affordability. A list of the proposed new schemes for this Committee is attached at Appendix 2.

2.8 The changes in respect of 2008/09 Fees and Charges for the budget are included at Appendix 3.

3. Key Revenue Budget Changes Proposed for 2008/09

3.1 The Revenue budgets are attached at Appendix 1. The proposed budgets reflect a combination of budget increases and savings and the key changes are as follows:

- A technical adjustment has been made to the budget in respect of Deferred Charges. The government allows councils to treat some revenue expenditure as capital expenditure e.g. grants to Housing Associations, grants to improve or develop assets owned by others (science park contributions and enhancements to the city centre). This expenditure must be shown in the revenue accounts for the year but it is financed by the use of capital receipts or borrowing and therefore these charges are removed from the net cost of services to ensure that they do not impact on the Council Tax requirement.

1A1 ENVIRONMENTAL PROTECTION

Part of the money received from the Department of Health to support the enforcement of the smoking ban will be used to fund the extension of the Litter Enforcement Officers' posts, enabling the net budget to be reduced accordingly. The cost of dealing with abandoned cars is expected to be less than the current budget, and the estimate has therefore been reduced. A budget previously held within the Economy and Development Committee, relating to the increased costs of the CCTV service following the opening of the Princesshay development, has been transferred to this Committee. In addition, funding for the maintenance of additional cameras and a help point at Haven Road Car Park has been included. Capital charges have reduced in respect of the CCTV Control Room.

1A2 CLEANSING SERVICES

NB Operational estimates are attached in respect of this service

Additional income has been added to the estimates in respect of the garden waste and bulky collection services. This will be generated by a combination of increased usage already being experienced, and increased charges to the public. In addition, the new Trade Recycling service is expected to generate additional net income. Income from the Trade Clinical Waste service has, however, reduced and this is reflected in the estimates. The estimates have been increased to fund the cost of running and staffing an additional vehicle to support the Dog Bin and the Garden Waste services. Increased capital charges and recharges from AIM (Asset Improvement and Maintenance) will arise in this unit.

1A3 LICENSING, FOOD, HEALTH & SAFETY

The vacant post of Corporate Health and Safety assistant will not be filled in 2008/09 reducing the costs of this unit. The estimates reflect an expected reduction in income in this unit. The net deficit arising in respect of the vehicle licensing function will be funded from an earmarked reserve.

1A4 TECHNICAL & AGENDA 21

A climate change levy has been added to car parking fees, which will be specifically earmarked for additional initiatives to be delivered as part of the Council's climate change strategy. The funding for those initiatives has been included in this unit and in 1B6 (Recycling). The funding for a temporary post has been removed, together with the contribution from the Economy and Development Committee that funded it.

1A5 WATERWAYS & COUNTRYSIDE

The estimates have reduced as several projects will end in 2007/08 and a temporary post will come to an end in 2008/09. In addition, increased income will be generated from increased canal fees, and savings are to be made in countryside management. Additional costs will arise in respect of the Exe Estuary review. Increased recharges from AIM will arise in this unit. Funding for dealing with illegal campers has been transferred to Grounds Maintenance (1A6).

1A6 GROUNDS MAINTENANCE

NB Operational estimates are attached in respect of this service

The cost of the tree management work is expected to reduce in 2008/09, and the entire cost will be funded from an earmarked reserve. Savings will be made by reducing agency labour used in the service, and by increasing charges to the public for sports facilities and events in the parks. Funding for dealing with illegal campers has been transferred from Waterways & Countryside (1A5) to this unit. Funding for Music in the Parks events has been moved from Community Outreach (1B5) to this unit. Decreased recharges from AIM will arise in this unit. Deferred contributions attributable to Children's Play Areas have decreased the estimate for that service.

It has been necessary to extract estimates relating to non-operational properties within this unit and place them in a new cost centre, F84.

1A7 MUSEUMS

The net cost of this unit will reduce as a result of the closure of the Royal Albert Memorial Museum during redevelopment. St Nicholas Priory is expected to generate additional income reducing the costs of this service. Renaissance funding is expected to reduce in 2008/09, and costs will be reduced accordingly. A new cost centre has been created to reflect the costs of the new museum store known as the Ark. Decreased recharges from AIM will arise in this unit.

1A8 CONTRACTED SPORTS FACILITIES

Funding of the Swim for Free initiative has been deleted. The costs arising from the need to re-tender the Leisure contract has been partially funded from this unit.

1A9 OTHER SPORTS FACILITIES

Funding of the Swim for Free initiative has been deleted. The costs arising from the need to re-tender the Leisure contract has been partially funded from this unit.

1B2 CEMETERIES & CREMATORIUM

Posts have been moved into this service from Grounds Maintenance (1A6) and the Administration Service (1B9) to enable the service to be managed more effectively. Additional income will be generated by the new charges. Costs of dealing with s46 burials are expected to reduce following a review of this service. The completion of some projects during 2007/08 has enabled the estimates to be reduced. Capital charges have increased in this unit.

1B3 PROPERTIES

Increased recharges from AIM will arise in this unit.

1B5 COMMUNITY OUTREACH

The estimates include increased income to be generated from events, and savings to be made in marketing costs. Funding for Music in the Parks events has been moved from this unit to Grounds Maintenance (1A6).

1B6 RECYCLING

NB Operational estimates are attached in respect of this service

The estimates have been increased to reflect the increased income anticipated from the sale of recovered materials. The success of education and enforcement activities in this service have resulted in higher quantities and better quality of materials, and capital investment in the facility is expected to improve the operation of the MRF to enable this to generate further savings and income. Increased recharges from AIM will arise in this unit. Grant funding through a Local Area Agreement will cease thus reducing income in this unit.

It has been necessary to extract estimates relating to non-operational properties within this unit and place them in a new cost centre, F85.

1B9 ADMINISTRATION SERVICE

A review of this service has led to the deletion of one post and is expected to result in further staffing reductions in the forthcoming year. The review also led to several posts being transferred into and out of units 1B2 and 1C7 as described in the notes for those services.

1C1 HOME AID

There are no material changes to the estimate for this service.

1C2 ADVISORY SERVICES

The estimates reflect an increase in the cost of repairs and of the lease at Shaul Court.

Funding for some employee costs has been transferred from the Housing Revenue Account to the General Fund to reflect the correct allocation of their roles.

The estimated income in respect of Housing Benefits has been reduced to reflect the level achieved in 2007/08.

1C3 HOUSING ENABLING

There is an increase in the budget for the Extralet Scheme due to anticipated additional staffing and premises costs, partially offset by additional income. Funding has been included to continue paying a contribution towards an occupational health worker post and to undertake a review of the Housing Market Assessment data.

Deferred charges as described in 3.1 above have increased the estimate for the Strategic Housing service.

1C4 PRIVATE SECTOR HOUSING

The recovery of individual improvement grants amounting to less than £10,000 are now treated as de minimis and therefore will be treated as revenue rather than capital receipts for 2008/09 and future years, decreasing the net cost of this unit.

Deferred charges as described in 3.1 above have increased the estimate for Improvement Grants and Disabled Facility Grants.

1C5 SUNDRY LANDS MAINTENANCE

There are no changes to the budget for 2008/09.

1C6 CONTRACTS AND DIRECT SERVICES

Funding has been included for the appointment of a procurement assistant, and the savings arising from the work undertaken are expected to fully cover the cost of this post. Savings are expected to arise from a staffing restructure. Additional software maintenance costs have been funded. All costs will be recharged to other services.

1C7 DIRECTOR – COMMUNITY & ENVIRONMENT

One post has been transferred to the Administration Service (1B9) as part of the review, and recharges from that unit have increased accordingly. The net cost of the unit will be recharged to other services.

- 4. RECOMMENDED** that Scrutiny Committee – Community supports the estimates and proposed fees and charges for 2008/09 and recommends approval by the Executive.

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