

# EXETER CITY COUNCIL

## SCRUTINY COMMITTEE – COMMUNITY 16 JANUARY 2007

### ESTIMATES 2007/8

#### 1. PURPOSE OF REPORT

- 1.1 Attached are the draft estimates for 2007/08, which are circulated for discussion and comment before they are presented to the Scrutiny Committee – Community on 16 January 2007.
- 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 1.0% (see paragraph 2.2 below)
- Income 3.0%
- Interest on Investments 5.0%

- 2.2 As a means of finding efficiency savings many non-pay budgets will again not be fully 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. insurance, fuel and electricity. The Retail Price Index (RPI) for September 2006 was 3.6%. Although the Government no longer produce targets for the RPI it is still used to determine increases in pensions, benefits and pay negotiations. Indications are that inflation is likely to continue to remain at the current relatively low levels.

- 2.3 At its meeting on the 21 November 2006, Executive approved a budget strategy based on the best known data with regard to Government spending targets:

- Formula Grant increase 5.9%
- Council tax guideline 2.9%

- 2.4 The Government has now announced the provisional local government finance settlement for 2007/08. For Exeter the guideline figure is as follows:

- Formula Grant £11,663,930 (increase 5.9 %)

The provisional settlement now indicates that in cash terms our grant will increase by £652,807.

- 2.5 In addition, the Council expects to receive in 2007/08 the third (and possibly final

year) of its Local Authority Business Growth Incentive Grant (LABGI). In 2005/06, the Council received £465,108 of LABGI grant and the Government has recently announced that local authorities could expect to receive even more grant in the second and third years by abolishing the current grant ceiling and scaling factor arrangements. The scheme is set to run for three years (2005/06 to 2007/08) and can allocate £1 billion to eligible local authorities in England. The year 2 grant payment (for the current 2006/07 year) will not be announced until February 2007 and it is, therefore, expected that the year 3 payment will be on a similar timescale. The continued economic and business growth within the City gives cause for some optimism with regard to the potential LABGI grant for both the second and third years. For the purposes of the revised medium term financial strategy it has been assumed that £1 million of LABGI grant will be awarded in 2006/07 and a further £1.5 million in 2007/08.

- 2.6 The available capital resources for 2007/08 are £25.941 million with £19.157 million in respect of the General Fund, of which £3.348 million is available for new schemes. The Housing capital programme will be some £6.343 million. A list of the proposed new schemes for this Committee is attached at Appendix 3.
- 2.7 In order to help improve overall delivery and monitoring of the capital programme, schemes have been placed within 2 categories, C1 and C2. Category C1 is for those schemes that the Council is committed to and reasonably certain of being able to deliver within planned timescales. Category C2 is for those schemes that the Council is committed to but are less certain of being able to be delivered due primarily to factors outside the control of the Council. Some schemes may have elements within both categories.
- 2.8 The changes in respect of 2007/08 Fees and Charges for the Resources budget are included at Appendix 2.

### **3. KEY REVENUE BUDGET CHANGES PROPOSED FOR 2007/08**

- 3.1 The Revenue budgets are attached at Appendix 1. A technical adjustment to the budget in respect of service cost pension contributions (FRS17) has been made in line with required accounting practice. This amendment is reversed out below the line to show the actual cost to the Council and, therefore, has no impact on the Council Tax. The treatment is similar to the way we account for capital charges.
- 3.2 Changes introduced by the 2006 Statement Of Recommended Practice (published in July 2006) have resulted in the removal of notional interest from the Capital Charges with effect from 2006/07 onwards and this has been reflected in the 2007/08 accounts for the first time.

The proposed budgets reflect a combination of budget increases and savings and the key changes are as follows:

**1A1 Environmental Protection**

As advised in the stewardship reports for this committee, there has been a saving in 2006/07 in respect of the litter enforcement officers, as a result of delayed recruitment and the fines collected by the officers. This saving, together with the fines that it is expected will be generated in the future, have been used to extend the litter enforcement officers' activities for an additional six months.

Additional costs will arise from the implementation of a new computer system for Environmental Health Services.

Funding for the maintenance of CCTV cameras has been increased to reflect the additional costs arising from the increased number of cameras including those to be installed in 2007/08.

Income from the Home Call Alarm and Pest Control services have reduced, and this is reflected in the estimates.

**1A2 Cleansing Services**

The estimates include funding for an increase in the number of litter bins in the city centre, to deal with the increased cigarette litter which will arise following the implementation of the ban on smoking in public places in 2007.

Other movements in this unit are covered in the notes on the operational budgets.

**1A3 Licensing, Food, Health & Safety**

Income under the Licensing Act 2003 can now be assessed more accurately, and the estimates allow for the increased levels of income being generated.

The recent restructure of the unit has led to reduced staffing costs.

Funding has been included to enable the periodic survey of the taxi service to be undertaken.

**1A4 Technical & Agenda 21**

Additional costs will arise from the implementation of a new computer system for contaminated land management.

**1A5 Waterways & Countryside**

Funding has been included in respect of dredging at Topsham Quay, water safety equipment, replacement of the Butts Ferry winch and to deal with illegal campers.

There has been an increase in the AIM recharge in respect of Canal work.

**1A6 Grounds Maintenance**

Funding has been included for a new Parks Events and Promotions Officer. It is anticipated that this function will generate additional income in future years which will partially offset the additional cost.

Additional costs to deal with illegal camping have been funded. The budgets for maintaining unadopted land and composting have been reduced.

The tree management project will enter its third year in 2007/08 and the funding has been reduced as provided in the original report.

Other movements in this unit are covered in the notes on the operational budgets.

**1A7 Museums**

A new Service Improvement Officer post has been partially funded from this unit. Costs relating to the new Museum Store have been funded.

The employee costs have been increased to reflect posts funded from grants received from Renaissance in the Regions, and the related income is also now included.

AIM recharges for the Royal Albert Memorial Museum have increased.

**1A8 Contracted Sports Facilities**

Funding of the Swim for Free initiative has been reduced. An increase in the recharge in respect of Leisure Services Management has been partially offset by a reduction in the AIM recharge.

**1A9 Other Sports Facilities**

Funding of the Swim for Free initiative has been reduced. A reduction in the non-domestic rates charges at two properties has reduced the budget.

A new Service Improvement Officer post has been partially funded from this unit, as has the expenditure for the feasibility study into the proposed new swimming pool. This additional funding has increased the Leisure Services management recharge to other management units.

**1B2 Cemeteries & Crematorium**

There has been a reduction in AIM charges.

The cost of works required on trees and the installation of cemetery plot markers has been funded.

Other movements in this unit are covered in the notes on the operational budgets.

**1B3 Properties**

AIM charges, income and support costs have reduced.

**1B4 Dual-Use Sports Facilities**

Budgets have been removed as Devon County Council ended the contract and the management of school facilities has passed to the PFI contractor.

**1B5 Community Outreach**

New funding has been included in respect of the continuation of elements of the Be Active for Life Scheme. Income from Leisurecard has been reduced, and support services recharges have increased.

Community Outreach Management recharge has increased due to the new post of Service Improvement Officer being funded.

**1B6 Recycling**

The temporary Recycling Enforcement and Education post has been extended for a further year as the funding from DEFRA has also been extended.

Other movements in this unit are covered in the notes on the operational budgets.

**1B9 Administration Service**

The staff training budgets previously held in this unit have been devolved to the relevant services.

**1C1 Home Aid**

The estimate reflects the outsourcing of the service.

**1C2 Advisory Services**

Savings have been made in respect of Private Sector Leased (PSL) properties rents due to the expected hand back of a number of properties; contracted serviced accommodation costs have reduced partly due to the termination of a contract.

Expenditure on repairs to PSL properties has increased, additional costs in respect a security contract at Shaul Court will be incurred, the cost of the contract will be offset by a saving on a staffing budget previously included for the provision of this activity. Income has reduced due to less Housing Benefit and rent being received; support service recharges have increased.

**1C3 Housing Enabling**

The responsibility for the provision of Social Inclusion has been transferred to Chief Executive's Department. Legal and Customer Service Centre Support service recharges have reduced.

**1C4 Private Sector Housing**

Following the introduction of the licensing of Houses in Multiple Occupation (HMO) the levels of income and staffing can now be more accurately assessed and these are reflected in the estimates.

Additional costs will arise from the implementation of a new computer system for Environmental Health Services.

Support service recharges for IT have increased.

**1C5 Sundry Lands Maintenance**

There are no material changes to the budget for 2007/08.

**1C6 Contracts And Direct Services**

Additional costs will arise as a result of transferring documents into Computer Assisted Design format. All costs will be recharged to other services.

**1C7 Director – Community & Environment**

There are no material changes to the budget for 2007/08 other than the superannuation adjustment outlined at 3.1 above.

**4. RECOMMENDED that:**

- 1) Members are asked to comment on the draft Estimates.

**HEAD OF TREASURY SERVICES**

Originator: Sally Reeve

S:PA/LP/Committee/107SCC13

11 December 2006

COMMUNITY & ENVIRONMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)**

**Background papers used in compiling this report:**

None