

Supplementary Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Monday, 11th December, 2006

Place: Civic Offices, High Street, Epping

Room: Committee Room 1

Time: 6.00 pm

Committee Secretary: Graham Lunnun, Research and Democratic Services
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6. BUDGET 2007/08 (Pages 3 - 16)

(Head of Finance) Report attached.

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Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Portfolio: Finance and Performance Management

Subject: Draft General Fund Budget Summary (inc. CSB and DDF lists)

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Democratic Services Officer: Graham Lunnun - (01992 - 56 4244)

Recommendations/Decisions Required:

1. To confirm the budget guidelines previously set down:
 - a) that the ceiling for CSB net expenditure be no more than £17M including net growth.
 - b) that balances continue to be aligned to the Council's net budget requirement and that balances be allowed to fall no lower than 25% of the net budget requirement.
 - c) that the District Council Tax be increased by no more than the rate of increase in the Retail Price Index.
2. In view of the budget position the items shown on Appendix 4 as growth bids are not included in the revenue and capital budgets for 2007/08.
3. In view of the budget position, £72,000 of the items shown as CSB growth on Appendix 2 are identified as being of a lower priority in achieving the Council's key objectives and removed from the General Fund budget for 2007/08.

Report:

Introduction

1. This report gives the first oversight of the draft General fund budget for 2007/08. The individual portfolio budgets will be considered in detail at the Finance & Performance Management Scrutiny Panel on Monday 15 January 2007. The budget setting process will conclude by the following timetable:

Finance & Performance Management Scrutiny Panel	15 January 2007
Finance & Performance Management Cabinet Committee	29 January 2007
Overview and Scrutiny Committee	1 February 2007
Cabinet	5 February 2007
Council	20 February 2007

2. The draft budget summary for 2007/08 is shown at Appendix 1 and shows that the CSB (including growth) currently totals £17.072M and the DDF £0.498M. This Committee considered the Financial Issues Paper on 25 September 2006 and set out the guidelines listed in recommendation one above.

Capital Charges

3. In previous years accounting standards have required that a notional charge be made to service revenue accounts to reflect the cost of fixed assets used in the provision of services. These charges were then reversed through the asset management revenue account so that they had no effect on the Council Tax. The latest version of the Statement of Recommended Practice (SORP) that local authorities are required to follow in producing their budgets and accounts has removed the requirement for capital charges and the asset management revenue account.
4. The change in the SORP has created a considerable amount of additional work in producing the draft 2007/08 budgets. This is because it has been necessary to re-visit the original estimates for 2006/07 and the final accounts for 2005/06 and remove the capital charges that had previously been included. Therefore anyone attempting to compare the figures shown on Appendix 1 for the 2005/06 Actuals and the 2006/07 Original Estimates to figures previously published would have some difficulty.
5. Clearly as Capital Charges never impacted on the Council Tax when they were in place their removal will not have any impact either. However, as Capital Charges were included in the service revenue accounts a comparison of the original and amended figures will show that individual services now appear to be costing less.

Draft Local Government Finance Settlement

6. Last year as part of replacing the system of Assumed National Council Tax (ANCT) and Formula Spending Shares (FSS) with Relative Needs Formulae (RNF), the Government provided a two-year settlement. On November 28 draft figures for 2007/08 were issued and these are open to consultation until 5 January 2007. Initially it appeared that there was an increase of some £22,000 in the figures that the Council had previously been advised of. Unfortunately the Department for Communities and Local Government later issued a correction and an apology that confirmed the draft settlement was as advised last year. The table below is repeated from last years budget papers to remind Members of the settlement:

	Original 2005/06 £m	Adjusted 2005/06 £m	2006/07 £m	2007/08 £m
Formula Grant	7.299	7.918	8.627	9.161
Increase £	n/a	0.619	0.709	0.534
Increase %	n/a	8.48%	9.0%	6.2%

7. It is also worth repeating that the increase of 6.2% is more than double the minimum floor increase of 2.7%. The restrictions on growth above the floor have been eased from 2006/07 as the Council can now retain 60.8% of the increase above the floor as opposed to the figure of 49.1% in 2006/07. This means the amount of grant lost to support the floor for other local authorities will reduce from £490,000 in 2006/07 to £189,000 for 2007/08.

CSB Growth

8. The CSB growth list at Appendix 2 details items totalling £176,000, in addition to this a further list of bids at Appendix 4 shows potential additional growth of £252,000. The current CSB position is shown on Appendix 1 with a total including growth items of £17.072M. As the ceiling for CSB for 2007/08 has been set at £17M, and the draft budget currently exceeds that, Members are asked to confirm that the items currently shown, as bids should not be included in the revenue or capital budgets for 2007/08.

9. In addition to the exclusion of the bid items it is necessary to remove lower priority CSB growth items totalling £72,000. Members are asked to consider the CSB growth list shown at Appendix 2 and identify lower priority items for removal from the draft budget.

Statement in Support of Recommended Action:

10. If the budget guideline of a ceiling on CSB expenditure of £17M is to be adhered to it will not be possible to include all of the requests for CSB growth in the 2007/08 budget. The allocation of scarce resources is a key function for Members and so Members are asked to identify which of the items currently included on the growth lists should be regarded as being of a lower priority and removed from the budget.

Other Options for Action:

11. Members may choose to allow an increase in the CSB ceiling above £17M, although this would not be recommended, as it would lead to a need for even greater savings in subsequent years.
12. Rather than restricting growth proposals Members could choose to look for savings from existing budgets. However, given the clear need to also identify savings in 2008/09 it would be prudent to restrict growth in 2007/08 and concentrate on existing budgets as part of a structural review of the Council.

Consultation Undertaken:

13. This is the first draft of the budget and detailed consultations will now take place between the Portfolio Holder for Finance and Performance Management and other Portfolio Holders.

Resource Implications:

Budget Provision: Draft budget for 2007/08, CSB expenditure £17.072M and DDF £0.498M.

Personnel: Nil.

Land: Nil.

Community Plan/BVPP references: N/A

Relevant statutory power: N/A

Background papers: N/A

Environmental/Human Rights/Crime and Disorder Act Implications: N/A

Key Decision reference (if required): N/A

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GENERAL FUND ESTIMATE SUMMARY

Appendix 1

2005/06 Actual	2006/07			2007/08 Budget		
	Original Estimate	Revised Estimate		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
2,527	3,004	2,825	Leader's Portfolio	3,205	439	2,766
1,082	1,872	1,670	Community Wellbeing	1,995	205	1,790
(135)	550	929	Finance & Performance Management	47,362	46,629	733
78	113	175	I.T. & Corporate Support Services	168	0	168
434	1,247	1,892	Housing	3,181	1,538	1,643
4,220	3,840	3,856	Leisure	5,270	1,592	3,678
652	800	692	Civil Engineering & Maintenance	2,656	1,725	931
2,255	2,939	2,538	Planning & Economic Development	3,906	1,231	2,675
4,788	5,604	7,759	Environmental Protection	7,645	805	6,840
(826)	(438)	(733)	Other Income		317	(317)
15,075	19,531	21,603	Net Cost of Services	75,388	54,481	20,907
(2,360)	(2,211)	(2,681)	Interest and Investment Income	0	2,622	(2,622)
1,580	1,394	1,750	Interest Payable (Inc. HRA)	1,761	0	1,761
(55)	0	0	Transfer from the HRA	0	0	0
(1,328)	788	639	Pensions Interest/Return	3,720	3,081	639
0	0	0	Revenue Contributions to Capital	0	0	0
12,912	19,502	21,311	Net Operating Expenditure	80,869	60,184	20,685
(1,737)	(2,867)	(3,269)	Contribution to/(from) Capital Reserves	0	2,540	(2,540)
969	389	(445)	Contribution to/(from) Other Reserves	0	501	(501)
150	150	150	Contribution to/(from) Insurance Reserves	0	0	0
550	(996)	(1,399)	Contribution to/(from) DDF	690	1,188	(498)
1,440	(386)	(556)	FRS 17 Adjustment	0	575	(575)
14,284	15,792	15,792	To be met from Government Grants and Local Taxpayers	81,559	64,988	16,571
13,322	14,480	14,309	Continuing Services Budget			16,896
701	1,245	2,571	CSB - Growth			293
(858)	(472)	(793)	CSB - Savings			(117)
(157)	773	1,778	Total Growth (Net)			176
13,165	15,253	16,087	Total Continuing Services Budget			17,072
1,693	2,137	2,946	DDF - Expenditure			1,188
(2,188)	(1,141)	(1,547)	DDF - One Off Savings			(690)
(495)	996	1,399	Total District Development Fund			498
1,614	(457)	(1,694)	Appropriations to/(from) other Reserves			(999)
14,284	15,792	15,792				16,571

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CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service	Original 2006/07 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's
Leaders Portfolio							
	Civic and Member	18	18				
	Members Allowances- Basic						
	Members Allowances- Spec Resp Chair Scrutiny Panels	4	4				
	Civic and Member	9	9				
	Member Electronic Services (Trans from IEG)	5	5				
	Civic and Member	2	2				
	Civic Ceremonial	9	21				
	Electoral Registration/Voting	11	11				
	Democratic Services	14	15				
	Democratic Services	(15)	(15)				
	Local Land Charges		(15)				
	Scrutiny Support Officer- new post						
	Savings resulting from new Ctee minute/report system						
	Increased income from Searches						
	Total Leader's Portfolio	57	55	0	0	0	0
Community Wellbeing							
	Concessionary Fares	582	482				
	Grants to Voluntary Organisations	3	3				
	Welfare Transport	(7)	(7)				
	Safer Communities	20	20				
	Safer Communities	17	17				
	Safer Communities	12	12				
	Free local travel for over 60s						
	Homestart Rent						
	Transfer of Mini Buses to Donors						
	Community Support Officers						
	Crime Reduction Assistant- Permanent F/T						
	Graffiti Removal						
	Total Community Wellbeing	627	527				
Finance, Performance Management, and Corporate Support Services							
	Local Taxation	(50)	(50)	(2)			
	Local Taxation	20	20	(21)			
	Local Taxation	(114)	(114)				
	Finance Miscellaneous	15	15				
	Housing Benefits	15	15				
	Investment Income	(8)	(3)				
	Brooker Road Indust Estate	(17)	(17)				
	Oakwood Hill Industrial Estate	(15)	(15)				
	Finance & General Admin	(10)	(32)	(10)			
	Car Leasing	4					
	Office Accommodation	2	2				
	Office Accommodation	11	15	7			
	Office Accommodation	38	46	44			
	Energy Sites						
	Additional Staffing						
	Potential Central support Savings						
	Electronic Document management						
	Lost Interest Income						
	Rent Income						
	Rent Income						
	Staff Savings re HB Scanning & Indexing						
	Amendments to Scheme						
	Refuse Collection/Disposal & Recycling						
	Additional cleaning materials						
	Additional costs of reletting office cleaning contract						
	Energy Costs						
	Total Finance, Performance Management and Corporate Support Services	(109)	(133)	18	0	0	0
Customer Services, Media, Communications & ICT							
	Service restructure - Corporate ICT Strategy	60	60				
	Revenue Growth arising from IEG Initiatives	18	18				
	Training - Staff Restructuring	10	10	10			
	Essex eMarket Place- Subscription	18	18				
	Total Customer Services, Media, Communications & ICT	106	106	10	10	10	10

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service	Original 2006/07 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's
Housing	Homelessness	25	22				
	Private Sector Housing	13	13				
	Private Sector Housing		19	19			
	Private Sector Housing				331	1	
	Reinstatement Grants		2	113			
	Housing Strategy	3	3				
	Handyman Scheme						
Total Housing		41	59	132	331	1	
Leisure	Leisure Management	(152)	(152)				
	Leisure Services	(66)	(66)				
Total Leisure		(218)	(218)	0	0	0	0
Environmental Protection	Waste Management	139					
	Waste Management		1,500				
	Waste Management		(262)				
	Street Cleansing	3	3				
	Pollution Control	17	17	11			
	Pollution Control	25	25			7	
	Contaminated Land Strategy						
Total Environmental Protection		184	1,283	11	7	0	0
Planning & Economic Development	Tourism			5			
	Building Control		(27)	(9)			
	Building Control		27	9			
	Planning Services	76	90				
	Building Control	(18)	(18)				
Total Planning & Economic Development		58	72	5			
Civil Engineering & Maintenance	Off Street Car Parking	20	20				
	Off Street Car Parking			75			
	Off Street Car Parking			(75)			
	Building Services	7	7				
Total Civil Engineering & Maintenance		27	0	0	0	0	0
Total CSB		773	1,778	176	338	1	0

DISTRICT DEVELOPMENT FUND		Original 2006/07 £000's	Bf from 2005/06	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's
Portfolio	Service							
Leader's Portfolio	Corporate Policy Making	10		10	10			
	Corporate Policy Making	30		30				
	Local Land Charges		11	11				
	Total Leader's Portfolio	40	11	51	10			
Community Wellbeing	Concessionary Fares			(100)				
	Total Community Wellbeing	0	0	(100)				
Finance, Performance Management and Corporate Support Services	Housing Benefits/Local Taxation		26	26				
	Finance Miscellaneous	37		37				
	Finance Miscellaneous	(52)		(52)				
	Finance Miscellaneous	56		55				
	Insurance/Risk Management		11	11				
	Unappropriated Land			5				
	Industrial Estates	50		50				
	Investment Income			(100)				
	Housing Benefits	(119)		(117)			(123)	
	Housing Benefits	30		(18)			(44)	
	Housing Benefits	(39)						
	Housing Benefits		42	42				
	Housing Benefits		15	15				
	Housing Benefits	(2)						
	Housing Benefits			40				
	Local Taxation	10		10				
	Payroll/HR		2	2				
	Legal Services	7	4	2			9	
	Legal Services	11	6				17	
	Legal Services		43	2			41	
	Legal Services	24						
	Human Resources							
	Legal Services			(50)				
	Office Accommodation	8	5	5				
	Office Accommodation		14	23				
	Office Accommodation		1	14				
	Office Accommodation		1	1				
	Office Accommodation	112	11	88		24	12	
	Office Accommodation	50		50				
	Office Accommodation		4	4				
	Works to Committee rooms for Scrutiny meetings							
	Total Finance, Performance Management and Corporate Support Services	183	184	145	6	24	12	0

DISTRICT DEVELOPMENT FUND		Original 2006/07 £000's	B/F from 2005/06 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's
Portfolio	Service							
Customer Services, Media, Communications & ICT	Public Relations	31			31			
	Improvements to Main Reception Area							
	Total Customer Services, Media, Communications & ICT	31	0	0	31	0	0	0
Housing	Homelessness	9		9	9			
	Private Sector Housing		34	34				
	Private Sector Housing		3		3			
	Total Housing	9	37	43	12			
Leisure	Alternative Management	513		507	151			
	Community Development		15	8	7			
	Waltham Abbey S.C.			10				
	North Weald Airfield		5	5	(50)			
	North Weald Airfield							
	Roding Valley Development			7				
	Museum			10				
	Community & Culture			25				
	Community & Culture		95	(25)				
	Arts Programme		(95)					
	Arts Programme		20	20	20	5		
	Sports Development		(20)	(20)	(20)	(5)		
	Sports Development		18	18				
	Sports Development		(18)	(18)				
	Sports Development		30	30	30			
	Sports Development		(30)	(30)	(30)			
	Total Leisure & Health	523	20	547	108	0	0	0
Environmental	Revised Refuse/Recycling Contract	159		0				
	Maintaining waste service whilst procurement undertaken			300				
	Government Grant	(53)		(53)	(56)			
	Clear sacks	16		16				
	Recycling Measures	33		33	56			
	Contract termination and new contract set up	7		7				
	Trade Waste Account		136	496				
	Increase in Green waste Contract	20		(25)				
	Weekly Collection of Residuals (Summer)			195				
	Birchfield Survey and Clearance			65				
	Bobbingworth Tip					4	1	
	Total Environmental Protection	182	136	1,054	0	4	1	1

DISTRICT DEVELOPMENT FUND		Original 2006/07 £000's	B/F from 2005/06 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's
Portfolio	Service							
Planning & Economic Development	Development Control		53					
	Development Control		24					
	Enforcement	122			122			
	Forward Planning	25	(1)	10	18	4		
	Conservation Policy			5				
	Planning Services	19	5	24	15			
	Planning Services	119	16	121	24			
	Planning Services	(33)		(33)				
	Planning Services	39	65	73	10	14		
	Planning Services	(39)		(39)				
	Planning Services			56		40		
	Planning Services			(56)		(40)		
	Planning Services			26				
	Enforcement		32	(6)				
	Forward Planning		24		24			
	Building Control		237	27	64	200		
Building Control			25	25				
			(25)	(25)				
		545	183	328	413	18		
Total Planning & Economic Development								
Civil Engineering & Maintenance	Grounds Maintenance		10	10				
	Grounds Maintenance		(3)	(3)				
	Land Drainage	50		50				
	Land Drainage	(50)		(50)				
	Land Drainage	100		1	199	90		
	Car Parking			10				
	Highways			46	36			
			42					
			142	7	64	235	90	
			1,655	578	2,132	815	136	13
Total Civil Engineering & Maintenance								
Total District Development Fund								
Other Items								
	Reimbursement of Highways Residual Costs	(233)		(233)	(117)			
	Transfer from useable capital receipts	(226)		(500)	(200)			
	Local Authority Business Growth Incentives Scheme	(200)						
		996	578	1,399	498	136	13	0

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GROWTH BIDS (ITEMS NOT INCLUDED IN THE DRAFT BUDGET)

CSB/DDF/Capital	Service	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
		2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	5 Year Total £000's
Continuing Services	Customer Services Transformation Programme (CSTP)	150	99	175			424
	Emergency Planning Officer		19				19
	Elections- additional costs of new arrangements		14				14
	Elections - running costs for new sig comp software		3				3
	Electoral Registration	6					6
	Planned Building Maintenance Programme		77				77
	Routine maintenance programme		(15)				(15)
	Audit & Governance Committee - Running Cost		4				4
	Councillors Legal Expenses Cover		2				2
	Environmental Health Practitioner		41				41
	Ongoing Costs Elections Management System		3				3
	Finders Fee Scheme		5				5
Total CSB		156	252	175	0	0	583
District Development Fund	Customer Services Transformation Programme (CSTP)	362	442	224			1,028
	Comfort Cooling		100				100
	Civic Offices Maintenance		23				23
	Planned Building Maintenance Programme			30	17	12	59
	Upgrade to Estates Management System		8				8
	Audit & Governance Committee - Member Training		2				2
	Consultancy Private Sector Assistance Policy		10	10			20
Total DDF		362	585	264	17	12	1,240
Capital	Civic Offices Maintenance		56	55	24	8	143
	Printing Platemaker		35				35
	Solar Water Heating		42				42
Total Capital		0	133	55	24	8	220
Grand Total		518	970	494	41	20	2,043

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