

## **ECONOMIC DEVELOPMENT, PLANNING, TOURISM AND LEISURE SERVICES SELECT COMMITTEE – 6 FEBRUARY 2004**

### **BUDGET CONSULTATION**

### **REPORT OF THE CHIEF FINANCIAL OFFICER**

#### REASON FOR SELECT COMMITTEE CONSIDERATION

This report sets out the current position in respect of the 2004-05 revenue budget and 2005-06 forecast, and seeks Select Committee views on the way forward.

#### ACTION REQUIRED BY THE SELECT COMMITTEE

To make recommendations to the Executive in respect of spending decisions and Council Tax levels in 2004-05 and 2005-06, including proposed bids and savings, and a contingency plan for 2005-06.

#### BACKGROUND

1. The Government announced its proposals for next year's Revenue Support Grant (RSG) on 19<sup>th</sup> November. Further funds were then announced by the Chancellor of the Exchequer on 10<sup>th</sup> December, and resulted in an additional £858,000 for this Council. The proposals as they now stand are considerably better than the current year's settlement, and the Council receives an above average increase in the Formula Spending Share for all service blocks except Education, which is still suffering from the unwinding of protection against this year's losses.
2. Despite the improved settlement, the increase in Formula Spending Share falls short of the amount which the Council needs for a 'standstill' in service levels by approximately £3 millions.
3. This has been offset in part by a new power to reduce discounts on second homes. Unusually, the proceeds from this will not be clawed back by the Government, and should reduce the general level of tax by 2%.
4. The Council also has a new power to reduce the discount on properties empty for more than 6 months, which could yield over £450,000. Unlike the discount on second homes, the Council will only be able to keep the proceeds of this change for the first year, and it would be prudent, therefore, to restrict its use to one-off projects.
5. After allowing for all the above, a budget which would provide for a 'standstill' for all services would require a tax rise of 5.9%. This figure would change up or down by 1% for every £532,000 change in expenditure.
6. Bids currently under consideration are set out in appendix A, and offsetting savings at appendix B. To the extent to which total bids exceeded offsetting savings, then the tax increase quoted at 5 above would have to increase.
7. We are told that the extra funding announced by the Chancellor in December is a 'one-off', and there are a number of other unfavourable changes forecast between 2004-05 and 2005-06. In a 'worst case scenario' using published Government figures and assuming the same share of the national RSG cake in both years, the Council might need to find savings of over £3,000,000 in 2005-06 in order to deliver, say, a 5% tax rise.

8. Whilst this prediction is hopefully well to the pessimistic end of the scale, and we may for example reap significant benefit from new census data if it is used in the 2005-06 settlement, it would be prudent to have a contingency plan in place to cover that eventuality. The alternative could be a double figure tax rise.

#### RELEVANT PLANS, POLICIES, STRATEGIES AND PERFORMANCE INDICATORS

In formulating its budget the Council needs to have regard to its Corporate Plan, Service Plans and in particular its Priority Improvement Areas.

#### CONSULTATION PROCESS

A comprehensive consultation process on the budget is underway, of which this report forms a part.

#### FINANCIAL, LEGAL, CRIME AND DISORDER IMPLICATIONS

The Council's budget setting has self-evident financial implications, including in particular the level of Council Tax to be raised in the coming financial year.

With the advent of the Local Government Act 2003 there is also a statutory duty on the Chief Financial Officer to report on the robustness of the budget and the adequacy of reserves.

Various crime and disorder issues have been taken into account during the service planning and bids process.

#### APPENDICES ATTACHED

- A List of current revenue bid proposals (excluding education and social services)
- B List of current savings proposals
- C Full list of revenue bids (excluding education and social services)

#### BACKGROUND PAPERS USED IN THE PREPARATION OF THIS REPORT

Council Publication 'Budget 2003-04'  
Revenue Support Grant Consultation 2004-05 (ODPM)

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PAUL WILKINSON  
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<b>Item</b>	<b>SMT Priorities £000</b>	<b>Latest £000</b>	<b>Comments</b>
Highway Maintenance – various	300	185	
Homelessness strategy	200	200	Plus £100k spend to save
Planning – various	150	0	Now met from grant
Fire & Rescue - various	100	0	
Road Safety	50	50	
Health & Safety at Work Act – workplace assessments	28	28	
Library grading and post rationalisation and training	75	50	
Equalities budget	25	25	
Liquor Licensing – committee administration	20	0	Absorbed within existing resources
Personnel Restructure	70	0	
Criminal Records Bureau increased charges	16	16	
Succession Planning (corporate budget)	100	50	
Highways PFI – initial stage	60	60	
Highway Maintenance Staff	115	0	
<b>Total</b>	<b>1,309</b>	<b>664</b>	

<b>Service/item</b>	<b>£000</b>	<b>£000</b>
<b>Leisure Events</b>		50
<b>Arts &amp; Theatres</b>		
Platform 1 grant reduction	8	
Quay Arts Centre grant reduction	10	
Arts Council subscriptions	13	
IW Symphony Orchestra	1.5	
Theatre support	10.5	43
<b>Indoor Sport &amp; Recreation</b>		
'One Card' charges	20	
Other charges	6	
Medina Café – replace with vending	10	
Heights Bar/Café – restructuring	12	
Waterside Café – closure	12	60
<b>Sports Development - efficiencies</b>		5
<b>Tourism &amp; Visitor Centres</b>		
Amalgamation of Newport TIC with CSC	18.2	
TIC efficiencies	20	
Increased advertising rates	8	
Tourism News – stop publication	8	54
<b>Countryside Management</b>		40
<b>Civic/Democratic Costs</b>		
Twinning	4	
Democratic Representation efficiencies	14	
Cowes Week reception	7	25
<b>Museum Service – exhibition team</b>		10
<b>Outdoor Sports &amp; Recreation</b>		
Bandstands & Concerts	6	
Preferential Pricing	10	
Road Trains	15	31
<b>Ventnor Botanic Garden - efficiencies</b>		5
		<b>323</b>

## Revenue Bids 2004-05 to 2006-07

			£000's		
			04/05	05/06	06/07
<b>Community Development</b>					
CD01	Community Development	Management restructure	45	45	45 <i>Exec - defer</i>
CD02	Record Office	Feasibility study of development	25		<i>SMT - defer</i>
CD03	Libraries	Staff stucture/grading	50	50	50 <i>Exec - fully fund</i>
CD04	Wight Leisure	Northwood House functionality	18	18	18 <i>SMT - defer</i>
CD05	Sport & Recreation	West Wight Sports Centre subsidy	10	10	10 <i>SMT - defer</i>
CD06	Museums	Technical Services Unit income shortfall	10	10	10 <i>SMT - defer</i>
CD07	Museums	Staff relocation costs	10	10	10 <i>SMT - defer</i>
CD08	Arts Unit	Ryde & Shanklin Theatre management	11	11	11 <i>SMT - defer</i>
CD09	Wight Leisure	Continuous Improvement Plan	20	20	20 <i>SMT - defer</i>
CD10	Record Office	Warehousing facility	70	70	75 <i>SMT - defer</i>
CD11	Libraries	Dedicated ICT technician	20	20	20 <i>SMT - defer</i>
CD12	Parks & Beaches	Sandown Bay/Ventnor maintenance crew	53	52	52 <i>SMT - defer</i>
CD13	Parks & Beaches	Best Value improvement plan (parks)	100	99	99 <i>SMT - defer</i>
CD14	Wight Leisure	Repairs & renewals contributions	25	25	25 <i>SMT - defer</i>
CD15	Parks & Beaches	Best Value improvement plan (beaches)	64	63	63 <i>SMT - defer</i>
CD16	Sport & Recreation	Physical activity strategy	26	28	29 <i>SMT - defer</i>
CD17	Arts Unit	Arts Away Programme - funding	25	25	25 <i>SMT - defer</i>
CD18	Libraries	Books and magazines	41	41	41 <i>SMT - defer</i>
CD19	Museums	Exhibitions & displays	26	26	26 <i>SMT - defer</i>
CD20	Record Office	New record office facility	0	51	101 <i>SMT - defer</i>
CD21	Wight Leisure	Youth Music Festival	15	15	15 <i>SMT - defer</i>
CD22	Wight Leisure	Wight in Bloom	20	20	20 <i>SMT - defer</i>
<b>Consumer Protection</b>					
CP01	Health & Safety	National targets for work injury reduction	28	28	28 <i>SMT - fully fund</i>
CP02	Trading Standards	Trainee post	18	18	18 <i>SMT - defer</i>
CP03	Environmental Health	Trainee post	18	18	18 <i>SMT - defer</i>
<b>Emergency Planning</b>					
EP01	Emergency Planning	Civil Contingencies Act	74	76	79 <i>SMT - defer</i>
<b>Engineering Services</b>					
ES01	Highway Maintenance	Repair backlog	2,450	2,450	2,450 <i>SMT - defer</i>
ES02	Highway Maintenance	Maintenance staff (4)	115	115	115 <i>Exec - defer</i>
ES03	Highway Maintenance	Pavement management system	70	45	45 <i>SMT - part fund</i>
ES04	Highway Maintenance	Budget shortfall	8	8	8 <i>SMT - part fund</i>
ES05	Traffic & Transportation	Traffic management staff structure	111	111	111 <i>SMT - part fund</i>
ES06	Traffic & Transportation	Travel plans developer	35	33	33 <i>SMT - defer</i>
ES07	Vehicle Fleet	Vehicle Driving Authorisation	21	18	18 <i>SMT - defer</i>
ES08	Concessionary Fares	Budget shortfall	200	200	200 <i>SMT - defer</i>
ES09	Car Parks	Planned improvement programme	100	100	100 <i>SMT - defer</i>
ES10	Car Parks	Decriminalisation etc - staff implications	96	146	<i>SMT - defer</i>
ES11	Road Safety	Road Safety Strategy initiatives	36	41	46 <i>SMT - part fund</i>
ES12	Road Safety	Child pedestrian training coordinator	16	36	37 <i>SMT - part fund</i>
ES13	Road Safety	Relocation to Newport Quay	30	0	0 <i>SMT - part fund</i>
ES14	Highways Design	Additional staff and training	138	115	94 <i>SMT - part fund</i>
ES15	Highways Design	Bridge & retaining wall inspection regime	270	265	245 <i>SMT - part fund</i>
ES16	Highways Development	Additional staff member	30	29	29 <i>SMT - defer</i>
ES17	Rights of Way	CROW Act	15	15	15 <i>SMT - defer</i>

## Revenue Bids 2004-05 to 2006-07

			£000's		
			04/05	05/06	06/07
ES18	Coastal Maintenance	Maintenance budget	13	26	40 <i>SMT - defer</i>
ES19	Contract & Waste	Cyclical contracts technician	25	25	25 <i>SMT - defer</i>
ES20	Contract & Waste	Senior waste management technician	29	29	29 <i>SMT - defer</i>
ES21	Highway Management <i>fund</i>	PFI for highway maintenance	60	60	0 <i>SMT - fully</i>
ES22	Engineering Services	Policy & Strategy support (2 posts)	56	50	50 <i>SMT - defer</i>
ES23	Street Lighting	Column and sign replacement	30	30	30 <i>SMT - part fund</i>
ES24	Engineering Services	Jubilee Stores improvements	30	0	0 <i>SMT - defer</i>
ES25	Engineering Design	Ryde Transport Interchange design	357	34	17 <i>SMT - defer</i>
<b>Finance &amp; Business</b>					
FB01	Revenues & benefits	Benefit overpayments post	22	21	21 <i>SMT - defer</i>
FB02	Revenues & benefits	Electronic billing			<i>SMT - defer</i>
FB03	Procurement	Training of staff in other services	8	6	5 <i>SMT - defer</i>
<b>Fire &amp; Rescue</b>					
FR01	Support	ICT for Prevention initiatives	237	131	112 <i>Exec - defer</i>
FR02	Support	Personal Development System	100	100	100 <i>Exec - defer</i>
FR03	Fire Service	Emergency cover	100	93	93 <i>Exec - defer</i>
FR04	Fire Service	CCBRN Vehicle Maintenance	15	15	15 <i>Exec - defer</i>
FR05	Fire Service	Conditions of Service			<i>SMT - fully fund</i>
FR06	Fire Service	Community Fire Safety	13	13	13 <i>Exec - defer</i>
FR07	Fire Service	Retained 3/4 units and community fire	25	40	55 <i>Exec - defer</i>
FR08	Fire Service	Abnormal absences	75	75	75 <i>Exec - defer</i>
FR09	Fire Service	Positive pressure ventilation	30	40	50 <i>Exec - defer</i>
FR10	Fire Service	Specialist training - water, height, fitness	30	42	42 <i>Exec - defer</i>
<b>Housing Strategy</b>					
HS01	Housing Strategy <i>fund</i>	Homeless improvement plan	163	168	148 <i>Exec - fully</i>
HS02	Housing Strategy <i>fund</i>	Contingency fund to sustain tenancies	20	20	20 <i>Exec - fully</i>
HS03	Housing Strategy <i>fund</i>	Home improvement agency staffing	100	105	111 <i>Exec - fully</i>
HS04	Housing Strategy <i>fund</i>	Housing market research	10	0	0 <i>Exec - fully</i>
<b>Human Resources</b>					
HR01	People Management	Staff restructuring	70	74	79 <i>Exec - defer</i>
HR02	People Management <i>fund</i>	CRB fees	16	16	17 <i>SMT - fully</i>
HR03	Human Resources	PIPS Development (ICT staff)	50	52	55 <i>SMT - defer</i>
HR04	Corporate trainee scheme <i>fund</i>	Succession planning for scarce	100	100	100 <i>SMT - fully</i>
<b>Legal &amp; Democratic</b>					
LD01	Committee Administration	Liquor licensing	20	21	22 <i>SMT - self fund</i>
LD02	Legal Services	Corporate Governance Costs	51	52	54 <i>SMT - virement</i>
<b>Organisational Development</b>					
OR01	Strategic projects	Call Centre Premises	306	445	268 <i>SMT - defer</i>
OR02	Strategic projects	Land & Property Gazetteer	181	53	49 <i>SMT - defer</i>
OR03	Software Development	Contact Management System	108	35	35 <i>SMT - defer</i>
OR04	Strategic projects	GAGS contingency - one stop shops	500	500	500 <i>SMT - defer</i>
OR05	ICT	Accommodation Costs	25	25	25 <i>SMT - defer</i>
OR06	ICT Service Development	Project Support Officers	59	57	57 <i>SMT - defer</i>
OR07	ICT	Additional ICT Staff	153	153	153 <i>SMT - defer</i>
OR08	ICT	Upgrade Outlook/Exchange	260	52	52 <i>SMT - defer</i>
OR10	Strategic ICT Projects	New Commitments/Creditors System	450	250	250 <i>SMT - defer</i>

## Revenue Bids 2004-05 to 2006-07

			£000's		
			04/05	05/06	06/07
OR11	Strategic ICT Projects	Secure Server Farm	510	50	50 <i>SMT - defer</i>
OR12	ICT	Consultancy Review of ICT	50	0	0 <i>SMT - defer</i>
OR13	Service Development	Corporate Information Management	49	47	47 <i>SMT - defer</i>
OR14	Customer Services	Building Access Control System	50	40	40 <i>SMT - defer</i>
OR15	ICT	Thin Client Roll-out	0	500	500 <i>SMT - defer</i>
OR16	Strategic ICT Projects	E-procurement	0	350	350 <i>SMT - defer</i>
<b>Planning services</b>					
PL01	Development Control	Section 106 co-ordinator	32	32	34 <i>SMT - withdraw</i>
PL02	Countryside	TPO officer	25	27	29 <i>SMT - withdraw</i>
PL03	Development Control	Major applications officer	35	37	40 <i>SMT - withdraw</i>
PL04	Planning Policy	Local Development Framework	70	128	227 <i>SMT - withdraw</i>
PL05	Development/Building	Scanning assistant (DIP)	17	18	19 <i>SMT - withdraw</i>
PL06	Building Control	Buiding Control Surveyor	27	29	31 <i>SMT - withdraw</i>
<b>Policy &amp; Economic Development</b>					
PC01	Policy	Performance management IT system	56	17	17 <i>SMT - defer</i>
PC02	Crime & Disorder	Community Development & Crimebeat	26	27	29 <i>SMT - defer</i>
PC03	Crime & Disorder	Reparation Scheme	10	10	10 <i>SMT - defer</i>
PC04	Crime & Disorder	Anti-social Behaviour Orders	10	10	10 <i>SMT - defer</i>
PC05	Crime & Disorder	Section 17, Crime & Disorder Act	27	29	30 <i>SMT - defer</i>
PC06	Crime & Disorder	Increased administration hours	9	10	10 <i>SMT - defer</i>
PC07	Policy	Equalities	25	26	28 <i>SMT - fully fund</i>
PC08	Policy	Community Wardens Scheme	80	84	88 <i>SMT - defer</i>
PC09	Economic Development	Economic Partnership additional funding	100	100	100 <i>SMT - defer</i>
PC10	Policy	Budget shortfall and other pressures	85	92	100 <i>SMT - defer</i>
PC11	Communications	Communications Strategy	30	32	35 <i>SMT - defer</i>
<b>Property Services</b>					
PS01	Property Services	Integrated property data	5	5	5 <i>SMT - defer</i>
PS02	Property Services	Staff career pathway planning	20	20	20 <i>SMT - defer</i>
PS03	Markets	Supervision, security, street cleaning	10	10	10 <i>SMT - defer</i>
PS04	Building maintenance	Planning and reactive repairs	300	300	300 <i>SMT - defer</i>
<b>Select Committee Support</b>					
SC01	Committee support	Research post	18	18	18 <i>SMT - defer</i>