

PAPER C

ENVIRONMENT AND TRANSPORT SELECT COMMITTEE – 26 JANUARY 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 19th November. Further funds were then announced by the Chancellor of the Exchequer on 10th 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. 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)

Contact Point : Paul Wilkinson, Chief Financial Officer, tel: 823650,
paul.wilkinson@iow.gov.uk

PAUL WILKINSON
Chief Financial Officer

| Item | SMT Priorities £000 | Latest £000 | Comments |
|---|------------------------------------|------------------------|------------------------------------|
| 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 | |
| Total | 1,309 | 664 | |

| Service/item | £000 | £000 |
|--|-------------|-------------|
| Leisure Events | | 50 |
| Arts & Theatres | | |
| 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 |
| Indoor Sport & Recreation | | |
| 'One Card' charges | 20 | |
| Other charges | 6 | |
| Medina Café – replace with vending | 10 | |
| Heights Bar/Café – restructuring | 12 | |
| Waterside Café – closure | 12 | 60 |
| Sports Development - efficiencies | | 5 |
| Tourism & Visitor Centres | | |
| Amalgamation of Newport TIC with CSC | 18.2 | |
| TIC efficiencies | 20 | |
| Increased advertising rates | 8 | |
| Tourism News – stop publication | 8 | 54 |
| Countryside Management | | 40 |
| Civic/Democratic Costs | | |
| Twinning | 4 | |
| Democratic Representation efficiencies | 14 | |
| Cowes Week reception | 7 | 25 |
| Museum Service – exhibition team | | 10 |
| Outdoor Sports & Recreation | | |
| Bandstands & Concerts | 6 | |
| Preferential Pricing | 10 | |
| Road Trains | 15 | 31 |
| Ventnor Botanic Garden - efficiencies | | 5 |
| | | 323 |

Revenue Bids 2004-05 to 2006-07

| | | | £000's | | |
|------------------------------|--------------------------|--|--------|-------|-----------------------------|
| | | | 04/05 | 05/06 | 06/07 |
| Community Development | | | | | |
| 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> |
| Consumer Protection | | | | | |
| 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> |
| Emergency Planning | | | | | |
| EP01 | Emergency Planning | Civil Contingencies Act | 74 | 76 | 79 <i>SMT - defer</i> |
| Engineering Services | | | | | |
| 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 | PFI for highway maintenance | 60 | 60 | 0 <i>SMT - fully fund</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> |
| Finance & Business | | | | | |
| 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> |
| Fire & Rescue | | | | | |
| FR01 | Support | ICT for Prevention initiatives | 237 | 131 | 112 <i>Exec - self fund</i> |
| FR02 | Support | Personal Development System | 100 | 100 | 100 <i>Exec - self fund</i> |
| FR03 | Fire Service | Emergency cover | 100 | 93 | 93 <i>Exec - self fund</i> |
| FR04 | Fire Service | CCBRN Vehicle Maintenance | 15 | 15 | 15 <i>Exec - self fund</i> |
| FR05 | Fire Service | Conditions of Service | | | <i>SMT - fully fund</i> |
| FR06 | Fire Service | Community Fire Safety | 13 | 13 | 13 <i>Exec - self fund</i> |
| FR07 | Fire Service | Retained 3/4 units and community fire | 25 | 40 | 55 <i>Exec - self fund</i> |
| FR08 | Fire Service | Abnormal absences | 75 | 75 | 75 <i>Exec - self fund</i> |
| FR09 | Fire Service | Positive pressure ventilation | 30 | 40 | 50 <i>Exec - self fund</i> |
| FR10 | Fire Service | Specialist training - water, height, fitness | 30 | 42 | 42 <i>Exec - self fund</i> |
| Housing Strategy | | | | | |
| HS01 | Housing Strategy | Homeless improvement plan | 163 | 168 | 148 <i>Exec - fully fund</i> |
| HS02 | Housing Strategy | Contingency fund to sustain tenancies | 20 | 20 | 20 <i>Exec - fully fund</i> |
| HS03 | Housing Strategy | Home improvement agency staffing | 100 | 105 | 111 <i>Exec - fully fund</i> |
| HS04 | Housing Strategy | Housing market research | 10 | 0 | 0 <i>Exec - fully fund</i> |
| Human Resources | | | | | |
| HR01 | People Management | Staff restructuring | 70 | 74 | 79 <i>Exec - defer</i> |
| HR02 | People Management | CRB fees | 16 | 16 | 17 <i>SMT - fully fund</i> |
| HR03 | Human Resources | PIPS Development (ICT staff) | 50 | 52 | 55 <i>SMT - defer</i> |
| HR04 | Corporate trainee scheme | Succession planning for scarce | 100 | 100 | 100 <i>SMT - fully fund</i> |
| Legal & Democratic | | | | | |
| 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> |
| Organisational Development | | | | | |
| 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> |
| Planning services | | | | | |
| 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> |
| Policy & Economic Development | | | | | |
| 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> |
| Property Services | | | | | |
| 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> |
| Select Committee Support | | | | | |
| SC01 | Committee support | Research post | 18 | 18 | 18 <i>SMT - defer</i> |