

COMMITTEE:	CABINET
DATE:	5th DECEMBER 2001
SUBJECT:	2002/03 BUDGET
REPORT OF:	SUE MCHUGH, DIRECTOR OF FINANCE AND CORPORATE SERVICES
Ward(s):	All
Purpose:	Budget Position 2002/03
Contact:	Sue McHugh, Director Of Finance and Corporate Services, Telephone 01323 415104 or internally on extension 5104.
Recommendations:	<p>Members are asked to:</p> <ol style="list-style-type: none"> 1. Consider the additional growth proposals contained in paragraphs 2.1 – 2.3. 2. Agree to create a Strategic Change Fund using the refund owing to the Council following the successful challenge to the Sovereign Centre rating (paragraph 2.4). 3. Instruct officers to commence a fundamental review of services within Tourism and Leisure which are unable to meet current income targets, to report back to a future Cabinet meeting with proposals for addressing the problems (paragraph 2.4). 4. Agree to provide short-term support during 2002/03 to the budget subject to the review in recommendation 3, from the Strategic Change Fund. 5. Agree to reduce budgets for 2002/03 by £319,000, based on the efficiency savings listed at paragraph 3.1. 6. Consider savings arising from the service changes listed at paragraphs 3.3 and indicate those which officers should pursue. 7. Note the areas from which further savings may be identified detailed in section 4. 8. Note the Government's proposed grant settlement for 2002/03, details of which will be provided to the meeting, if available.

1.0	<u>Introduction</u>
1.1	<p>Members have previously agreed two reports relating to the 2002/03 Budget. On 2nd July Members agreed an outline Financial Strategy and on 26th September more detailed proposals. Members agreed in principle to support a range of growth proposals and to seek savings in a number of areas. The growth proposals which were agreed in principle, subject to availability of resources, are listed at Appendix A. The amounts shown for budget reductions have been updated based on latest information.</p>
1.2	<p>The report of 26th September also provided a forecast of the resources available from Government grant and Council Taxes. The Government grant proposals are now expected to be issued for consultation on Tuesday 4th December and Members will be provided with an update at this meeting.</p> <p>This report –</p> <ul style="list-style-type: none"> · Updates the growth proposals; · Seeks approval to certain savings proposals · Informs members of further areas where savings are being sought · Sets out further consultation arrangements.
	<p>An accompanying report is included under the confidential section of the agenda for this meeting, which contains further information relating to certain savings proposals.</p>

2.0	<p><u>Update on growth</u></p> <p>Members are invited to consider the following further growth proposals in order to address unavoidable budget pressures.</p>
2.1	<p><u>Environmentally Sensitive Areas (ESA) Grant</u></p>
	<p>The Department of Environment, Food and Rural Affairs (DEFRA) has informed the Council that it will no longer pay ESA Grant in respect of the Downland and associated farms. This grant currently totals £110,000 per year. Officers are taking a number of steps to mitigate this including looking to challenge the decision and to find alternative mechanisms for claiming the grant. At this stage officers estimate that the pressure may be reduced from £110,000 to £30,000, however, the precise amount will be confirmed over the coming months.</p>
2.2	<p><u>Abandoned vehicles</u></p>
	<p>The cost of dealing with the increasing workload is £8,000.</p>

2.3	<p><u>Holiday Pay</u></p>	
	<p>New Government Regulations extend the entitlement to holiday pay to casual staff. The impact of this is estimated at £45,000 per year within Tourism and Leisure.</p>	
2.4	<p><u>Tourism and Leisure Budgets</u></p>	
	<p>The Director of Tourism and Leisure has highlighted unrealistic income budgets totalling £127,000 across a number of areas, some of which have existed over a number of years. The problems with these budgets, many of which relate to trading services, call into question their future viability. It is proposed that they should be the subject of a fundamental review starting now to determine their future viability and funding. However, the results of such a review will take time to implement and, in order to ensure the services are budgeted at an adequate level for 2002/02, short term additional funding is proposed.</p>	

	Members have previously been advised that the Council has been successful in its challenge to the rating of the Sovereign Centre. In addition to the ongoing saving which is already reflected in budgets, there is a substantial backdating award. It is proposed that this one-off backdating sum, which totals approximately £250,000, should be used as a Strategic Change Fund. Short term support for the above budgets will be provided from this Fund, pending identification of a sustainable solution.	
2.5	The growth proposals listed at Appendix A result in a requirement for savings to balance the budget totalling £618,000. The additions listed above at 2.1 – 2.3 increase this requirement to £701,000.	
3.0	<u>Savings Proposals</u>	
3.1	Officers have identified efficiency savings totalling £319,000 to date, in the following areas:-	
		£
	Mainframe migration savings	36,000
	Highways income (following Best Value Review)	66,000
	Corporate Management review	66,000
	Further leisure centre rating reductions	10,000
	Devonshire Park grounds maintenance	15,000
	Devonshire Park theatre management	20,000
	Telephone budgets	20,000

	Environmental Health structures	20,000		
	Bank retendering	3,000		
	Best Value Review of Finance	20,000		
	Community Finance budgets	<u>43,000</u>		
		<u>319,000</u>		
3.2	The potential for further efficiency savings in the following areas is still being evaluated:			
	- Treasury Management			
	- Support Services			
3.3	Members are invited to consider savings arising from the following service changes:			
			£	
	Cash office closure		16,000	
	Holywell Chalets income		25,000	
	Joint Industrial Estate Co-ordinator		15,000	
	CCTV masts		4,000	
	Anti-poverty steering group		12,000	

	Visitor attractions	15,000	
	Parks	<u>35,000</u>	
		<u>122,000</u>	
3.3.1	<u>Cash Office Closure</u>		
	<p>The best value review of collection services recommended that the cash office should close by October 2003. In the meantime alternative payment facilities would be developed. Approval of the closure from April 2002 now will enable officers to put the appropriate facilities in place prior to closure. This will include enabling internet and automated telephone payments, plus cash payment facilities at local post offices.</p>		
3.3.2	<u>Holywell Chalets income</u>		
	<p>To achieve a £25,000 increase from the rental of Holywell Chalets, prices need to increase by a total of 28% over the 69 Chalets. It should be noted that considerable sea defence work will be taking place during the spring and early summer of 2002, hence the increase will only be put into effect after this work is complete.</p>		

3.3.3	<p><u>Joint Industrial Estates Co-ordinator</u></p> <p>It is suggested that the Council's contribution to this is withdrawn.</p>	
3.3.4	<p><u>CCTV masts</u></p> <p>This income target is considered to be achievable.</p>	

3.3.5	<p><u>Anti-Poverty Steering Group</u></p> <p>3 year joint funding for anti-poverty worker ended in March 2000. Cabinet agreed to extend EBC contribution of £12,500 for 2001/02 in line with Corporate Objective, "A place for everyone". Post has not been appointed to, although budget has continued to be directed by Multi-Agency Steering Group in support of partnership Anti-Poverty and Social Inclusion initiatives (e.g. North Langney mapping exercise)</p>
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3.3.6	<p><u>Visitor attractions</u></p> <p>Further details are provided in the accompanying confidential report.</p>
3.3.7	<p><u>Parks</u></p> <p>Further details are provided in the attached confidential report.</p>
4.0	<p><u>Further Possible Savings</u></p>
4.1	<p>As reported at 3.2, officers are still working on the potential for savings in treasury management and support services. In addition, savings arising from the following Best Value Reviews will be quantified as the reviews are finalised:</p>
	<p>- Leisure services</p>

	- Lifeline
	- Building control
	- Benefits
4.2	Two of the one-off growth proposals – the Town Centre Redevelopment scheme and the Queen’s Jubilee event – would benefit from early implementation. Subject to the outcome of the next budget monitoring exercise which is due to be report to Cabinet in January it may be possible to identify funding for these to begin in the current year.

4.3	<p>The savings proposals quantified in this report reduce the gap to £260,000, based on the forecast level of government grant and Council Taxes. The meeting will be updated on the revised gap if the draft settlement is announced as currently planned.</p>
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5.0	<p><u>Consultations</u></p>
5.1	<p>The Leader is due to meet with business and community representatives to discuss the draft budget proposals on 12th December.</p>
6.0	<p><u>Implications</u></p>
6.1	<p>These are contained throughout the report.</p>
7.0	<p><u>Conclusion</u></p>
7.1	<p>This report sets out the latest position on the 2002/03 budget.</p>

Sue McHugh Director of Finance and Corporate Services	
Background Papers: The Background Papers used in compiling this report were as follows: Civic Budget 2001/02 – Revenue and Capital Monitoring Cabinet Report - 2 nd July 2001. Financial Strategy and 2002/03 Budget Cabinet report – 26 th September 2001. To inspect or obtain copies of background papers please refer to the contact officer listed above.	
ve/openlinkCFO/reports/Cabinet011205	

Appendix A

Growth Proposals

	2002/03
	£000
Town centre maintenance	15
Theatres consultancy	15
Town centre redevelopment	100
Contaminated land strategy	35
Market supplements	20
County Cricket	0

Criminal records	1
HERS	16
Refuse Collection/Sweeping	21
Motcombe Bowls Club	1
Sovereign Harbour	10
VAT on theatres	20
Voluntary sector	10
Borough plan	64
Planning admin.	26
Willingdon Trees Community Centre	14
Training etc.	5
Queen's Jubilee	5
Budget pressures:	
Architects budgets	73
Concessionary Fares	60
Lifeline	40
Crematorium costs	40

External audit fees	25
Treasury Management	100
Parking fees	20
Budget reductions:	
Crematorium Charges	(40)
Planning fees	(40)
Land Charges	(58)
Commercial rents	(65)
Procurement	(12)
Gap	521