

**To:** Development Control and Licensing – 5 November 2001

**Agenda Item No:** 6a

**Title:** Draft Budgets 2002-2003

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### Summary

- 1 This report outlines the Committee's initial draft revised estimates of direct costs and income for 2001/02, and estimates for next year, 2002/03, prepared on the basis of existing approved levels of service. These draft figures are presented in the context of target Committee cash limits and Policy Priorities approved by the Council on 16 October 2001. Details are given of proposed savings which are part of a package intended to achieve those targets and reflect those priorities overall. The Committee is asked to give consideration to the budget figures together with associated savings proposals as the basis for preparing next year's budget and service plans.

### Background

- 2 The Council confirmed on 16 October 2001 that officers should prepare service plans and detailed budgets on the basis of Committee cash limits derived from a set of proposed savings targets. A cash limit for this Committee was shown as part of the overall Council position appended to the Budget Strategy report approved by Resources Committee on the 17 September 2001. It was based on the existing approved level of service. As there were no target savings proposed for this Committee in the previous cycle of meetings, this is its first budget related report.

### Committee Cash Limits

- 3 The cash limit figure took into account estimated inflation, budget projections from February 2001 and other previously identified items. The target proposals did not allow for any new growth items.

- 4 The position for this Committee was as follows:

|  | £'000      |
|--|------------|
| Base budget (direct costs net) 2001-2002       | 421        |
| <u>Plus</u> projection for inflation           | 30         |
| <u>Plus</u> additional permanent staffing cost | 1          |
| Committee direct costs budget target 2002-2003 | <u>452</u> |

- 5 Since previous reports were prepared, some adjustments have been identified to the original base budget costs. A base budget element of £5,000 for conservation area grants originally included within Planning Grants in

Environment and Transport Committee was vired for staffing purposes to Planning Management and Administration (P&D minute 308 refers). In addition, it has been found that a £10,040 staffing budget for Public Health Administration was included by error within Licensing as a result of a misunderstanding.

- 6 The adjusted target figure may be extrapolated as follows:

|   | £'000 |
|---|-------|
| Previous target Committee budget (direct costs net) | 452   |
| <u>Plus</u> Virement from Planning Grants           | 5     |
| <u>Less</u> Licensing staffing budget correction    | -10   |
| Target Committee direct costs budget 2002-2003      | 447   |

### **Committee Savings Proposals**

- 7 The Administration's target savings figures were based mainly on their initial expectations arising from the review of the Council's priorities, with additional suggestions being invited from others. During the period leading up to the Council meeting on 16 October, consultation with the Corporate Management Team and Heads of Service took place to ensure that a full set of robust proposals to meet the overall target figures was available. On 18 October, the Administration made available to officers its chosen final list of detailed savings proposals for inclusion in Committee reports.
- 8 It should be emphasised that the exercise has, as expected, been a difficult one for all those involved. Although every effort has been made to ensure that the proposals now presented are possible, that does not imply that they are all necessarily likely to be universally popular or easy to achieve or without impact on the levels of service currently provided.
- 9 The proposals relating to Development Control and Licensing Committee just relate to the removal of budgets for furniture totalling £6,000. Subject to some limited central provision being available if essential, officers assess that this is easy to achieve and without immediate impact on service delivery. It will be noted that the Administration's proposal exceeds the nil target set for this Committee. The Leader of the Council has undertaken to present these detailed proposals for each Committee during this cycle of meetings.

### **Draft Budgets**

- 10 The detailed budgets have been prepared at estimated outturn prices and therefore they include provision for future pay awards (at 3%) and other price increases. Prior to the Administration's savings proposals being approved by the Council, the detailed figures have been prepared at the existing approved levels of service i.e. the proposed savings are not reflected in the figures.
- 11 Apart from inflation, also included are amounts to cover other unavoidable variations such as those arising from contractual commitments, any projections for 2002-2003 identified last year. Excluded are any items related to service changes which would require specific Committee approval.

## Revised Estimate 2001/02

- 12 The Development Control and Licensing Committee's draft revised estimate 2001/02 for direct costs, excluding internal charges, is £506,810. This is an increase of £90,610 compared with the total 2001/02 original estimates for the equivalent services, adjusted where necessary to take account of identified changes. The major components of this variation are explained in the table below:-

|   | £'000        | £'000        | £'000               |
|---|--------------|--------------|---------------------|
| Base Estimate 2001/02                                 |              |              | 509.1               |
| <u>Less</u> Internal Charges                          |              |              | <u>-87.9</u>        |
| <b>Base Direct Costs</b>                              |              |              | <b>421.2</b>        |
| <u>Plus</u> <b>Budgets moved between Committees:-</b> |              |              |                     |
| - Virement from planning grants                       |              | 5            |                     |
| - Licensing correction                                |              | <u>-10.0</u> | <u>-5.0</u>         |
| <b>Adjusted Base Direct Costs</b>                     |              |              | <b>416.2</b>        |
| <u>Plus</u> <b>Inflation:-</b>                        |              |              |                     |
| April 2001 Pay award – additional ½%                  |              | 3.5          |                     |
| <u>Plus</u> <b>Planning service variations:-</b>      |              |              |                     |
| Reduced Development Control fee income                | 60.0         |              |                     |
| Increased use of consultants                          | 28.2         |              |                     |
| Use of agency services for backlog work               | 19.0         |              |                     |
| Head of Planning – delay in appointment               | -19.9        |              |                     |
| Temporary maternity leave cover                       | 8.7          |              |                     |
| All other variations (net)                            | <u>2.9</u>   | 98.9         |                     |
| <b>Licensing service variations:-</b>                 |              |              |                     |
| <u>Plus</u> Vehicle inspections and hire plates       | 2.7          |              |                     |
| <u>Less</u> Additional income                         | <u>-14.5</u> | <u>-11.8</u> | <u>90.6</u>         |
| <b>Revised Estimate 2001/02 – Direct Costs (net)</b>  |              |              | <b><u>506.8</u></b> |

- 13 It will be seen that the whole of the variance is more than explained by the fall off in Development Control fee income, an increased use of consultants and the staff pay award coming in at ½% more than estimated. Thanks to increased licensing income, all the remaining variations self-cancel.

## Estimate 2002/03

- 14 The table below sets out the significant variations that have been included in the draft estimates for 2002/03. It also demonstrates how the estimates as drafted taken together with the list of savings being proposed go towards meeting the direct cost target limits assumed for this Committee.

|   | £'000        | £'000       | £'000               |
|---|--------------|-------------|---------------------|
| <b>Adjusted Base Direct Costs (as Revised above)</b>  |              |             | <b>416.2</b>        |
| <u>Plus</u> <b>Previously projected item:-</b>        |              |             |                     |
| Additional permanent staffing cost                    |              | 1.1         |                     |
| <u>Plus</u> <b>Inflation:-</b>                        |              |             |                     |
| April 2001 Pay award – additional ½%                  | 3.5          |             |                     |
| April 2002 Pay award – estimated 3%                   | 21.7         |             |                     |
| Other   | <u>3.2</u>   | 28.4        |                     |
| <b>Other unavoidable variations:-</b>                 |              |             |                     |
| <u>Plus</u> Staffing - contractual increments etc     |              | 3.9         |                     |
| <b>Licensing service variations:-</b>                 |              |             |                     |
| <u>Plus</u> Vehicle inspections and hire plates       | 2.7          |             |                     |
| <u>Less</u> Additional income                         | <u>-14.5</u> | -11.8       |                     |
| <b>Planning service variations:-</b>                  |              |             |                     |
| <u>Plus</u> Reduced Development Control fee income    | 60.0         |             |                     |
| <u>Less</u> Allowed for 10% statutory fee increase    | -30.0        |             |                     |
| <u>Less</u> Reduced staffing hours etc                | <u>-14.1</u> | <u>15.9</u> | <u>37.5</u>         |
| <b>Draft Estimates 2002/03 (before savings taken)</b> |              |             | <b>453.7</b>        |
| <b>Savings proposals</b>                              |              |             |                     |
| <u>Less</u> Savings to be achieved 2002/03            |              |             | <u>-6.0</u>         |
| <b>Comparison with Target Cash Limit</b>              |              |             | <b><u>447.7</u></b> |

- 15    The figures presented demonstrate that with the proposed savings this Committee can more or less meet it's adjusted target cost limit of £447,000. However it should be noted that this position does depend on an assumed fee increase of 10% being determined by the Secretary of State for next year.
- 16    All figures at this stage are, of course, still subject to final checks and adjustments. In this regard, it should be noted that no increase to the budgets for consultants has been made from the level approved last year. Such costs are expected, in the current year, to be over £28,000 above that level. A decision will be needed as to whether some increase in future budget levels for consultancy is to be proposed as an essential growth item.

### **The Next Stage**

- 17    At this stage the draft budgets mainly reflect or anticipate identified matters which lie within the Council's own control. Some limited allowance has been made in the Council's budget strategy for essential growth items and the effects of unavoidable external financial pressures. These pressures appear to be becoming more onerous, in particular following the tragic events of 11

September. Significant increases are expected in insurance premiums, and interest rates have fallen more sharply than anticipated in June.

- 18 Some issues still remain uncertain and unquantified. It will not be possible to be sure of the overall funding available until firmer information is received on the Local Government settlement in December. Also, a number of pressures for growth were identified in the previous cycle of meetings. Reports for decision are still awaited on a number of these, hopefully in the next cycle to allow them to be considered alongside the budgets. After that, the final decision making process, leading to Council Tax setting, will take place early in the new year.

**Recommended that:**

this Committee determines its views on the Administration's proposals for savings and the draft net direct cost budgets and directs officers to prepare service plans and full budgets for 2002-2003 in the light of those decisions, for consideration at the next cycle of Committee meetings.

**Background Papers :**

- None