

**To:** Development Control and Licensing Committee –  
13 November 2002

**Agenda Item No:** 7

**Title:** Draft Budgets 2003-2004

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### Summary

- 1 This report outlines the Committee's initial draft revised estimates of direct costs and income for 2002/03, and estimates for next year, 2003/04, prepared on the basis of existing approved levels of service. These draft figures are presented on the basis of projections, targets and priorities approved by the Council on 22 October 2002. The Committee is asked to give consideration to the detailed figures together with associated possible savings as the basis for preparing next year's budget and service plans.

### Background

- 2 At its previous meeting on 10 September 2002, this Committee resolved that officers should prepare estimates on the basis of projections included in Appendix BS06 and noted the indicative £50,000 savings target proposed for this Committee. In this respect, officers were not asked to give particular consideration to any specific service areas.

### Committee Base Budget Projection

- 3 The figure projected in Appendix BS06 took into account estimated inflation, budget projections from February 2002 and other previously identified items including indicative net budget reductions identified by officers in July 2002. Otherwise, it did not allow for any new growth items.

- 4 The projection for this Committee was as follows:

	£'000
<b>Base budget (direct costs net) 2002-2003</b>	436
<u>Plus</u> projection for inflation	50
<u>Plus</u> additional staffing cost projection	1
<u>Plus</u> 3 yearly satisfaction survey	7
<u>Less</u> officers' indicative July updates (net)	-45
<b>Committee direct costs budget target 2003-2004</b>	<u>449</u>

- 5 The projection for inflation included elements for all known pay award, national insurance and superannuation changes as well as allowances for other price increases based on the previous year's experience.

## Draft Budgets

- 6 The detailed budgets have been prepared at estimated outturn prices and therefore they include provision for agreed future pay awards and other price increases. Prior to savings proposals being approved by the Council, the detailed figures have been prepared at the existing approved levels of service i.e. the possible savings listed are not reflected in the figures.
- 7 Apart from inflation, also included are amounts to cover other unavoidable variations such as those arising from contractual commitments, any projections for 2003-2004 identified last year, and variations in the planned property maintenance programme. Excluded are any items related to service changes which would require specific Committee approval.

## Revised Estimate 2002/03

- 8 The Development Control & Licensing Committee's revised estimate 2002/03 for direct costs, excluding internal charges, is £403,050. This is a decrease of £32,650 compared with the total 2002/03 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 2002/03			538.4
<u>Less</u> Internal Charges			<u>-102.7</u>
<b>Base Direct Costs</b>			<b>435.7</b>
<b>Inflation:-</b>			
<u>Plus</u> 2002 Pay award – additional %		3.5	
<b>Previously reported variations:-</b>			
<u>Less</u> Development Control income rebased		-44.0	
<b>Other in-year variations:-</b>			
<u>Less</u> Staffing cost variations (net)	-54.5		
<u>Plus</u> Agency cover for staff	38.9		
<u>Plus</u> Advertising – new legislation	17.0		
<u>Plus</u> Enforcement consultancy	10.7		
<u>Less</u> Licensing income growth	-4.7		
<u>Plus</u> Other planning variations (net)	<u>0.4</u>	<u>7.8</u>	<u>-32.7</u>
<b>Revised Estimate 2002/03 – Direct Costs (net)</b>			<b><u>403.0</u></b>

## Estimate 2003/04

- 9 The table below sets out the significant variations that have been included in the draft estimates for 2003/04. It also demonstrates how the estimates as drafted taken together with the list of possible savings presented go towards meeting the Committee's target position approved by Council on 22 October.

		£'000	£'000	£'000
<b>Adjusted Base Direct Costs (as Revised above)</b>				<b>435.7</b>
<b>Previously projected items:</b>				
<u>Plus</u>	3 yearly customer satisfaction survey	3.8		
<u>Plus</u>	Projected staffing increase	1.0		
<u>Less</u>	Projected licence fee increases	-1.0		
<u>Less</u>	Development Control income rebased	<u>-44.0</u>	-40.2	
<b>Inflation:-</b>				
<u>Plus</u>	2002 Pay award – additional 1%	7.0		
<u>Plus</u>	2003 Pay award	25.3		
<u>Plus</u>	National Insurance	7.1		
<u>Plus</u>	Other	<u>9.2</u>	48.6	
<b>Other variations:-</b>				
<u>Plus</u>	Advertising – new legislation	17.0		
<u>Less</u>	Office centralisation saving	-4.5		
<u>Less</u>	Consultancy services	-30.8		
<u>Less</u>	Other additional planning income	-4.6		
<u>Less</u>	Other additional licensing income	-4.7		
<u>Plus</u>	Staffing – annual increments	7.6		
<u>Less</u>	Staffing – other variations	<u>-36.0</u>	<u>-56.0</u>	<u>-47.6</u>
<b>Draft Direct Cost Estimate Total 2003/04</b>				<b><u>388.1</u></b>
Budget Projections as shown in Appendix BS06				<b>449.0</b>
<u>Less</u>	Savings target for this Committee			<b><u>-50.0</u></b>
<b>Agreed Committee target for comparison</b>				<b><u>399.0</u></b>

- 10 The figures presented demonstrate that this Committee's estimated net direct costs are less than the projected £449,000 by a margin of some £61,000. This margin is partly explained by minor variations against the projections but mainly by the "Other variations" shown above especially those for staffing and consultancy. It is important to note that attempting to project all such staffing variations for each Committee is not practical as the underlying changes are individually hard to predict and costs can in reality go down as well as up. They are therefore assumed to be neutral overall for projection purposes.
- 11 Even without identifying further savings the total is some £11,000 less than the combined target position agreed by Council for this Committee. All figures at this stage are, of course, still subject to final checks and adjustments.

- 12 Without the benefit of more specific Member guidance to support the savings targets proposed this year, officers have prepared the estimates on the basis of this Committee's previous comments, (see paragraph 2 above) except that:
- a) information was distributed to all Members by the Leader of the Council on 30 October 2002 giving an indication of the thinking behind the previously proposed targets. The £50,000 for this Committee related to potential savings from the Development Control best value review.
  - b) Because Development Control costs are predominantly staffing, the relevant officers assess that the £50,000 savings are primarily to be found through restructuring, that they will be difficult to achieve and will need to be carefully managed to ensure no reduction in the level of service.
  - c) However, as it happens there are currently two early retirement opportunities under consideration. With the agreement of the Chairman of this Committee reports on these are expected to be considered elsewhere before Resources Committee considers the overall budget position on 21 November.

#### **Additional Comments**

- 13 The following additional points are particularly drawn to Members' attention:
- a) The reduced staffing costs for 2003-2004 reflect the ending of a number of temporary working arrangements and re-appointments on lower scale points.
  - b) The increases shown in both years for advertising costs are to some extent a result of more planning applications but mainly arise from the new requirements in respect of environmental impact assessments.
  - c) No allowance has been made by the relevant officers in 2003-2004 for consultancy support in respect of planning appeals? This does not, of course, guarantee that none will be required.

#### **The Next Stage**

- 14 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 updated lists of priorities. Reports for decision are still awaited on a number of these by the next cycle of Committee meetings in January 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. This year, for the first time, this process should be informed by the results of the Council Tax consultation process.

RECOMMENDED that this Committee:

- 1 notes that its target has been met;
- 2 determines its views on the draft net direct cost budgets and the matters highlighted at 13(c) and 13(d) above; and
- 3 directs officers to prepare, in the light of those decisions, service plans for 2003-2004 and full budgets, for consideration at the next cycle of Committee meetings.

Background Papers : Appendix BS06 (previously distributed)