

**RUNNYMEDE BOROUGH COUNCIL**

**CORPORATE MANAGEMENT COMMITTEE**

**31 JANUARY 2008**

**AGENDA ITEM 7**

**2008/09 BUDGET AND COUNCIL TAX**

# BUDGET REPORT

## Report of the Director of Finance on the General Fund Estimates and Recommendations for the Borough's Basic Amount of Council Tax for 2008/09.

### 1. INTRODUCTION

- 1.1 The need to achieve revenue savings in order to achieve a budget that satisfies Government constraints on tax raising remains the dominant issue in this year's budget.
- 1.2 In November 2007 the Council considered its **Financial Forecast** for the period from 2008/09 to 2012/13 and approved the following financial strategy:-
- i) increases in the Council Tax over the next five years that are no more than the maximum permitted under the capping criteria adopted by the Government in 2007/08;
  - ii) setting a new annual savings target of £600,000;
  - iii) continuing to use working balances over the next five years to bridge the gap between the Council's net spending levels and the yield from taxation.
- 1.3 The 2008/09 budget has been drawn up on the basis of the approved Financial Forecast and incorporates the Council's various strategies and policies, in particular:
- the Strategic Plan
  - the Community Strategy
  - the Council's Aims and Targets
  - the Housing Strategy and HRA Business Plan
- 1.4 This report summarises the main changes that have taken place between the 2007/08 Original Estimate and the 2007/08 Probable Outturn and the 2008/09 Estimate. More detailed explanations are shown in the Budget Variations against each service budget. The report also compares the budget with the Council's financial forecast and considers the implications of the Government's grant settlement. Finally it sets out the effect of the budget decisions on the level of Council Tax.

### 2. BUDGET PRESENTATION

- 2.1 The budget presentation reflects the service groupings of the Committee structure. Each service area is introduced by a brief report that outlines the salient features of the proposed budgets. It follows the format that has been used successfully in previous years.
- 2.2 The budget includes some high-level cost comparisons for key budget areas, which compare Runnymede with the other Surrey district councils. These comparisons are based on the 2007/08 original estimate and are taken from the statutory return that all authorities have to complete and submit to the Department of Communities and Local Government.
- 2.3 An explanation of the main assumptions and accounting conventions used in compiling the estimates are presented in the statement on pages xix and xxii.

### 3 PROBABLE ESTIMATES FOR 2007/08

- 3.1 The probable estimates for 2007/08 have generally been prepared on a similar basis to the original estimates to facilitate the comparison of budget heads.
- 3.2 The projected final position on the General Fund for the 2007/08 financial year is summarised in the following table:

**Table 1 - Comparison of Original and Revised Estimates for 2007/08**

	Original Estimate £	Projected Outturn £	Variation £
Net Expenditure on Services	15,462,900	15,223,900	-239,000
Asset Management			
- Reversal of capital charges	-3,756,000	-3,551,900	204,100
Transfers to Reserves	314,000	314,000	0
Transfer from DSO Reserve		-138,000	-138,000
Business Growth Incentive Grant		-162,000	-162,000
Investment Income	-1,140,000	-1,300,000	-160,000
Net General Fund Expenditure	<b>10,880,900</b>	<b>10,386,000</b>	<b>-494,900</b>
Use of working balance	-1,665,000	-1,170,100	494,900
<b>Budget Requirement</b>	<b>9,215,900</b>	<b>9,215,900</b>	<b>0</b>

- 3.3 The main reasons for the changes in budgeted expenditure on services are shown in Table 2:

**Table 2 – Summary of Budget Developments in 2007/08**

Developments	Amount £
<b>Increases:-</b>	
Budgets brought forward from 2006/07	306,700
Shortfall in income from Leisure Centres	210,200
Other growth items and cost increases	180,300
<b>Total Cost Increases</b>	<b>697,200</b>
<b>Reductions:-</b>	
Additional Planning Delivery Grant	-92,000
Changes in capital charges from the original estimate	-254,800
Reductions in salary budgets	-154,300
Other savings and budget reductions	-329,000
Increased rents, fees and charges	-88,800
Budgets carried forward to next year	-17,300
<b>Total Reductions, etc.</b>	<b>-936,200</b>
<b>Decrease in Net Expenditure on Services in 2007/08</b>	<b>-239,000</b>

- 3.4 The service estimates explain the changes for individual services in greater detail.

- 3.5 Budget Managers have always been encouraged to make savings and improve cost efficiency whenever possible. This organisational attitude is now especially important given the financial challenges faced by the Council. The savings in 2007/08 include service initiatives identified in the revenue reductions programme, rebasing budgets, reduced provisions and making efficiency savings.
- 3.6 Investment income is expected to be £1.3 million compared with the amount of £1,140,00 included in the original estimate. The average interest rate assumed in the original estimate was 5%. Higher returns have been achieved as a result of the rise in base rates earlier in the year and shortages on the London money market. Income has also been boosted by positive cashflows. The report on Treasury Management to the meeting of the Corporate Management Committee in February 2008 provides a more detailed explanation of investment performance and cash-flow management.

#### 4. **ESTIMATES 2008/09**

- 4.1 A comparison of the estimated net expenditure on services in 2008/09 with the 2007/08 estimates is summarised in Table 3. The net expenditure on services in 2008/09 is £15,657,600, which represents an increase of £194,700 (1.3%) from the 2007/08 original estimate.

**Table 3 - Original Estimates for 2007/08 compared to 2008/09 Estimates**

Service	Original 2007/08 £	Estimates 2008/09 £	Variation £
Housing Services	982,100	1,326,400	344,300
Community Services	2,049,500	1,665,600	-383,900
Leisure Services	3,262,400	3,472,100	209,700
Environmental Services	3,324,000	3,277,700	-46,300
Licensing & Regulatory	99,200	121,700	22,500
Planning Services	1,369,300	1,462,900	93,600
Highways Services	647,000	649,000	2,000
Economic Development	273,000	106,600	-166,400
Corporate and Business Services	3,732,400	3,860,600	128,200
Capitalisation of Building Works	-276,000	-285,000	-9,000
<b>Net expenditure on services</b>	<b>15,462,900</b>	<b>15,657,600</b>	<b>194,700</b>

- 4.2 The service estimates explain the changes for individual services in detail. The main developments in the budget are analysed in Table 4.

**Table 4 – Summary of reasons for the change in Expenditure on Services in 2008/09 compared to the 2007/08 estimates.**

Developments	Amount £
Allowance for pay and price inflation	575,000
Increased resourcing of housing advice and enabling functions	80,000
Egham Leisure Centre income under target	111,100
Increased contribution to the Pension Fund (General Fund element)	263,300
Net increase in recycling costs	45,800
Changes in capital charges	213,900
Other growth items and cost increases	217,600
<b>Total Cost Increases</b>	<b>1,506,700</b>
Offset by:-	
Increase in rents, fees and charges net of inflation	-527,100
QE Day Centre closure – redundancy and running costs dropping out	-211,500
Concessionary Bus Passes – reduced share of operator subsidy	-149,100
Reductions in refuse collection rounds	-87,400
Local Plan inquiry deferred until 2009/10	-61,100
Civic Offices re-provision – budgetary provision no longer required	-100,000
Net increase in specific grants	-49,900
Other net reductions	-125,900
<b>Total Savings, etc.</b>	<b>-1,312,000</b>
<b>Net increase from 2007/08 Estimate to 2008/09 Estimate</b>	<b>194,700</b>

4.4 The overall position of the General Fund for the 2008/09 financial year is summarised in Table 5.

**Table 5 - Budget Requirement in 2008/09 compared with 2007/08**

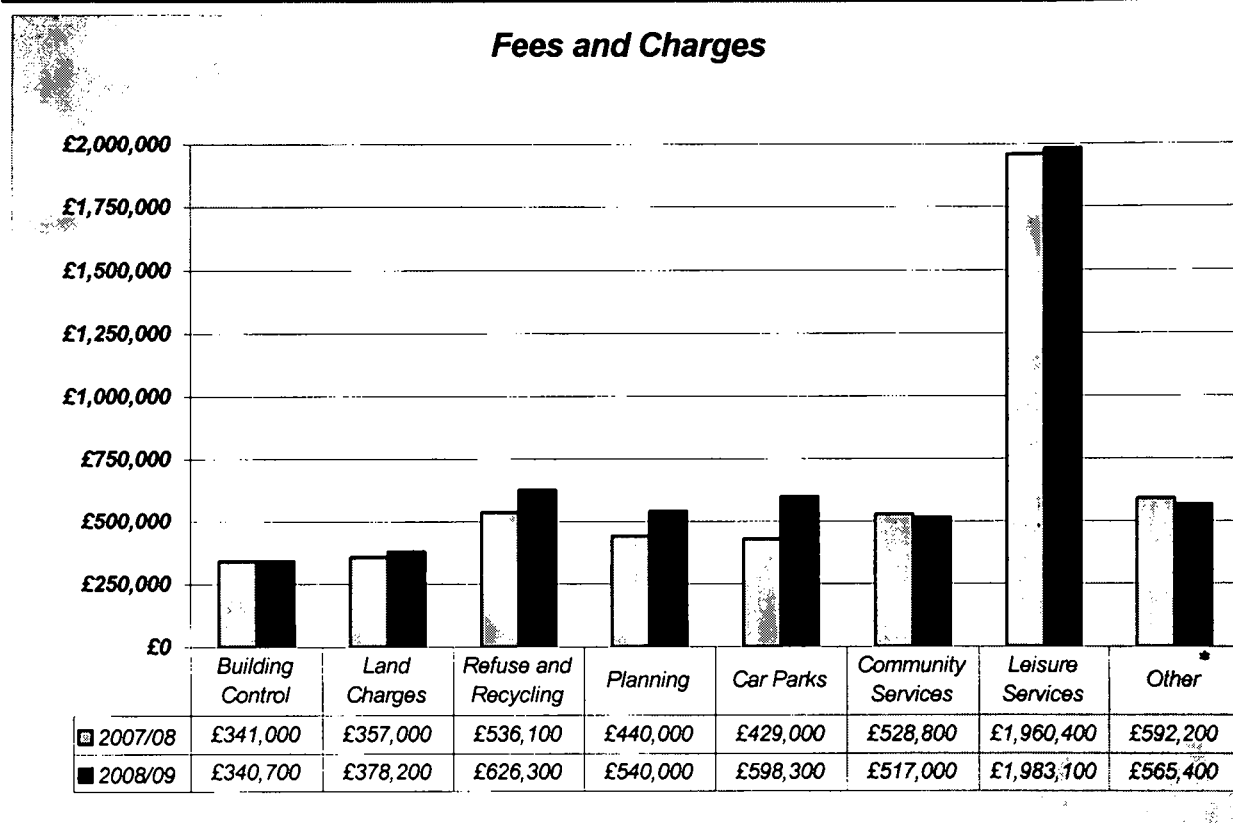
Committee	Estimates 2007/08 £	Estimates 2008/09 £	Variation £
<b>Net expenditure on services</b>	15,462,900	15,657,600	194,700
<b>Asset Management</b>			
- reversal of capital charges	-3,756,000	-3,969,900	-213,900
- transfer to reserves	314,000	314,000	0
Investment Income	-1,140,000	-1,200,000	-60,000
<b>Net General Fund expenditure</b>	10,880,900	10,801,700	-79,200
Use of working balance	-1,665,000	-1,284,500	380,500
<b>Budget Requirement</b>	<b>9,215,900</b>	<b>9,517,200</b>	<b>301,300</b>

4.5 Investment income on receipts and reserves in 2008/09 has been based on average returns of 5.5% in line with the assumption made in the November 2007 Financial Forecast. The Council's Treasury Management Strategy and Annual Investment Strategy for 2008/09 explain this in more detail.

4.6 When announcing the local government finance settlement in November the Minister made it clear that the Government will cap any authority that increases its Council Tax by more than 5%. If the Council Tax increase is to be limited to 5%, the Budget Requirement can be no more than £9,517,200 in 2008/09. In order to achieve this it will be necessary to withdraw £1,284,500 from working balances to reduce net General Fund expenditure.

## 5. FEES AND CHARGES

- 5.1 Fees and charges are an important means of paying for the desired level of services at a time when funding from the Council Tax and Government Grant is under pressure. Increased income is an important element of the net revenue reductions programme.
- 5.2 Schedules of fees and charges for 2008/09 are set out on pages 327 to 368 of the Budget Book. The new charges are applicable from 1<sup>st</sup> April 2008 unless otherwise stated. The additional income from the proposed charges is included in the estimates for 2008/09. This is expected to increase the total income from fees and charges from £5,184,500 to £5,549,000 (including changes in demand) and a comparison with the 2007/08 Original Estimate is analysed in the following chart.



\* N.B. "Other" includes £157,700 relating to Safer Runnymede contributions and £168,000 from Licensing.

- 5.3 The Council collects a wide range of fees and charges. Some are set by the Government (e.g. planning fees) and some are subject to legislative constraints (e.g. building control fees). For charges that are at the complete discretion of the Council, there are the social and service objectives to take into account as well as the market-place discipline of price sensitivity. It is possible that some charges are now approaching the limit that customers will accept (e.g. day centre meals and transport). These realities place a constraint on the extent to which charges can be raised.

## 6. GENERAL FUND STRATEGY FOR 2008/09 AND FINANCIAL FORECAST

- 6.1 This section of the report compares the 2008/09 Estimates with the Financial Forecast that was approved by the Council in November 2007 and reports the significant variations from the Council's financial strategy.
- 6.2 The Financial Forecast provided for a net expenditure on services of £15,174,000 in 2008/09 excluding the impact of inflation and changes in capital charges. The inflation allowance in the Forecast was £390,000 (a 2.5% increase in pay and prices of £450,000 offset by increases in discretionary income of £60,000). Changes in capital charges amount to £214,000 (reflected in the

Forecast in reduced investment income). Therefore, allowing for these adjustments, overall net expenditure on services was expected to be £15,778,000.

6.3 The net expenditure on services in the budget amounts to £15,657,600. This is £120,400 less than the forecast figure of £15,778,000. The main reasons for this are

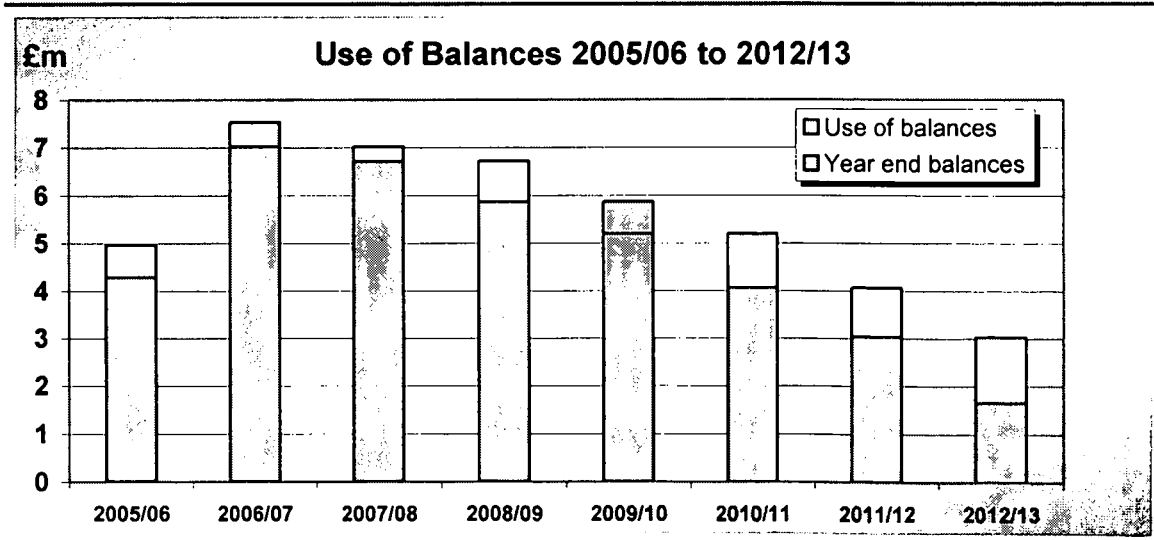
- Contributions to the Surrey Pension Fund £163,000 more than forecast.
- The net cost of Concessionary Fares £348,000 less than forecast.

Table 6 summarises the changes in the 2008/09 estimates compared to the November forecast.

6.4 When the five year Financial Forecast was considered by the Corporate Management Committee in November, the outcome of some significant financial issues was uncertain. Some of these matters have now been resolved.

- The Government has announced a three year local government financial settlement and the Formula Grant which the Council will receive is very close to the projections made in the forecast.
- The provision for Concessionary Bus Passes in the Financial Forecast was based on the assumption that the additional costs of the national scheme to be introduced in April 2008 would be met by government grant. An additional provision was also included for increased payments to the bus operators. Since the Forecast was approved, a revised method of sharing costs between the Surrey Districts has been proposed which will reduce Runnymede's expenditure by £149,100 which, together with the subsidy that the Council will receive for operating the national scheme, will result in a net cost that is £348,000 less than had been assumed in the Forecast. This position needs to be treated with some caution because the introduction of the national scheme has created financial winners and losers and there is still the potential for a change in the distribution of costs and subsidy.
- The Actuary to the Surrey Pension Fund has circulated provisional data showing the contributions that the Council will be required to make to the Pension Fund over the next three years. The increased cost to the General Fund will be £263,000 compared to the assumption in the Forecast of £100,000. A detailed report on the financial implications was submitted to the Corporate Management Committee on 3 January 2008.

6.5 The financial projections made in the November 2007 Forecast have been re-evaluated in the light of the position disclosed in the 2008/09 Budget. The Forecast Summary shown on page xiv represents an updated position that has been rebased on the 2008/09 budget figures. In the light of the developments considered in paragraph 6.4, the use of balances to support General Fund expenditure over the next five years is not as great as assumed in November's Financial Forecast. However, as the following chart illustrates, it will still mean that balances will be unable to sustain the present rate of withdrawal beyond the next five years.



6.6 When approving the Financial Forecast, the Council decided set a new annual savings target of £600,000 but to review this figure as part of its budget deliberations. Based on the latest projections, further savings of £600,000 would extend the period over which balances could support the budget to 2015. Therefore no increase in the savings target is proposed.

**Table 6: COMPARISON OF THE 2008/09 BUDGET WITH THE FINANCIAL FORECAST**

	£000's	Total £000's
<b>Forecast net expenditure in 2008/09 approved in the November 2007 Forecast</b>		<b>15,778</b>
<b>Additional costs not provided in the Forecast</b>		
• Housing needs survey provision brought forward from 2009/10	35	
• Housing Benefits: Lower than expected administration subsidy	23	
• Egham Leisure Centre - All weather pitch income	30	
• Allotments - Reduction in utility costs not achievable	1	
• Public Halls - General review of Provision	19	
• Parks - Increase in staffing costs	13	
• Parks - Grounds Maintenance Contract variations and inflation	5	
• Pollution - Reinstatement of the Out of hours noise service	14	
• Pollution - Reduction in income from air pollution fees	2	
• Pest Control - Stray dogs out of hours service	5	
• Recycling - New charge for the collection of textiles from bring sites	4	
• Recycling - Lower income from recycled materials	6	
• Car Parks - Egham Precinct leasehold disposal reduction in net income	27	
• Corporate Properties - sale of Chertsey property	11	
• Civic Offices - provision for utility costs in old building	10	
• Civic Offices - additional cleaning costs	12	
• External Audit Fees - increase over that provided for in the Forecast	10	
• Pensions: Additional employers contributions (General Fund)	163	
• Document Management - forecast savings not reflected in reductions in this budget	15	
• Front of House - Sub Committee (Dec 07) additional provision	69	
• Front of House - reinstatement of pilot provision for running costs	15	
• Other changes (net)		
<b>Total additions to the net expenditure in the Forecast</b>	<b>489</b>	<b>489</b>
<b>New Savings (&amp; Cost Reductions)</b>		
• Homelessness survey not required	(10)	
• Benefit Service: Lower net cost of local scheme	(6)	
• Queen Elizabeth House: Additional net savings	(23)	
• Day Centre equipment: Now met within special work budget	(7)	
• Careline: Net increase in demand	(3)	
• Concessionary fares: Net savings from new scheme	(348)	
• Addlestone LC - Additional income net of direct expenditure	(15)	
• Addlestone LC - Closure of swimming pool	(4)	
• Parks - Increase in income	(7)	
• Cemeteries - Additional savings identified	(3)	
• Recycling - Composter subsidy scheme no longer carried out	(6)	
• Recycling - Removal of Grants and Donations to voluntary organisations	(3)	
• Recycling - Reduced requirement for recycling containers	(2)	
• Recycling & Green Waste - Increased recycling credits	(40)	
• Green Waste - Increase in rental income over and above forecast provision	(17)	
• Safer Runnymede - Increase in costs recovered	(14)	
• Development Control - Enforcement budget savings	(11)	
• Car Parks - additional income	(11)	
• Civic Offices - reduced cost of business rates	(73)	
• Procurement Services - savings on stationery and computer maintenance	(10)	
• Other changes (net)	(13)	
<b>Total reductions to the net expenditure in the Forecast</b>	<b>(626)</b>	<b>(626)</b>
<b>Budgets Carried Over from 2007/08</b>		
• Refuse - Employment of Temporary Refuse Monitoring Officer		17
<b>Estimated Net Expenditure on Services in 2008/09</b>		<b>15,658</b>

7. **HOUSING REVENUE ACCOUNT**

7.1 The report on the Housing Revenue Account estimates was presented to the Housing and Community Services Committee and this is reproduced at page 275. The estimates are consistent with the HRA Business Plan. The projected HRA balance at 31 March 2009 is expected to be £1.4 million. While this remains at a healthy level, the high costs of the special repairs programme and the disappointing management and maintenance allowances provided in the Government's subsidy in 2008/09 introduce a note of caution to the longer term prospects. The Council is still expected to be able to meet the Government's decent homes standard by the target date of 2010 but a reappraisal of the HRA business plan will be undertaken and reported to Committee during the summer.

8. **RESERVES AND PROVISIONS**

8.1 The Local Government Act 2003 requires the Director of Finance to report on the adequacy of financial reserves when consideration is given to the General Fund budget requirement for the year. Under the Local Government Finance Act 1988, all balances held by the Council are at the direct disposal of the General Fund with the exception of the Housing Revenue Account balance, the Collection Fund and those funds held in trust.

8.2 A statement showing the forecast balances of all revenue reserves and capital receipts appears on page xv. Table 7 shows in more detail the estimated changes in those revenue reserves that relate to the General Fund for the period to 31 March 2009.

**Table 7 - General Fund Revenue Reserves and Balances**

	Balance at 1.4.07 £000	Movement in 2007/08 £000	Balance at 31.3.08 £000	Movement in 2008/09 £000	Balance at 31.3.09 £000
<u>Unallocated balances</u>					
Working Balance and Contingency	7,023	-98	6,925	-874	6,051
<u>Earmarked Reserves</u>					
IT Renewals Reserve	973	-547	426	-240	186
Safer Runnymede Equipment Reserve	379	-311	68	89	157
Car Park Machines Replacement Reserve	92	0	92	-92	0
Museum Purchases Fund	26	1	27	1	28
Direct Service Organisation Balance	138	-138	0	0	0
ESC Equipment Replacement Reserve	31	40	71	15	86
ESC Football Pitch Reserve	0	30	30	30	60
ALC Equipment Replacement Reserve	15	30	45	10	55
Maintenance of graves in perpetuity	2	0	2	0	2
<b>Total</b>	<b>8,679</b>	<b>-993</b>	<b>7,686</b>	<b>-1,061</b>	<b>6,625</b>

Justification of balances

8.3 The General Fund balance comprises two elements: the **Working Balance** and an amount held as a **Contingency** against unforeseen events. A working balance is required so that the Council has sufficient funds available to meet its cash flow requirements. The forecast of revenue reserves (page xv) shows the withdrawals from balances that will be needed to support the level of Council Tax over the next five years. The Council has decided that £1.5 million is the minimum recommended level of unallocated General Fund reserves that it needs to hold.

8.4 The **IT Renewals Reserve** was established in 1994/95 to provide a source of funding for future IT replacements. The annual contribution to this reserve provides for future hardware and software replacements. The level of contribution was reviewed as part of the exercise to identify revenue reductions and it was concluded that the lower cost of replacement could justify a reduction from £105,000 to £85,000 with effect from 2006/07. This charge is included in the General Fund

Summary Revenue Account (page 1). Replacements have been deferred over the last two years and expenditure of £632,000 has been programmed in 2007/08 to coincide with the re-provision of the new Civic Offices. Further expenditure of £325,000 is planned for 2008/09. This will leave a balance of £186,000 at 31<sup>st</sup> March 2009.

- 8.5 The **Safer Runnymede Equipment Reserve** has a similar objective. This was established during 2000/01 with the intention of providing a source of funds when existing equipment needs replacing. An annual contribution from revenue of £129,000 has been provided for this purpose. Fewer replacements have been made over the last two years because the monitoring centre will be re-equipped as part of the new Civic Offices project in 2007/08. Expenditure of £440,000 in 2007/08 and £40,000 in 2008/09 will leave a balance of £157,000 in the reserve at 31 March 2009.
- 8.6 The purpose of the **Car Park Machines Replacement Reserve** is to spread the cost of replacing car park machines by making an annual contribution from the revenue account each year. In view of the increased reliability of the car parking machines, contributions to the reserve were suspended as part of the revenue reductions approved by the Council because the balance on the reserve was sufficient to pay for future replacements. However, proposals to replace the machines have now been brought forward to 2008/09, which means that contributions to the reserve will need to be reinstated.
- 8.7 The **Museum Purchases Fund** was set up under Section 15 of the Public Libraries and Museums Act 1964 to finance the cost of major museum acquisitions. Interest is earned on the fund balance and applied to the fund. The museum revenue budget contains a provision for conservation that is rolled forward each year until enough money is available to carry out work. This distorts the budget so it was agreed to add this element to the Purchases Fund. After allowing for interest and contributions of £1,500 both in 2007/08 and 2008/09, the balance is expected to be £28,000 on 31<sup>st</sup> March 2009.
- 8.8 Accrued surpluses generated by the **Direct Service Organisations** amounted to £138,000 at 1<sup>st</sup> April 2007. The balance relates solely to the **Depot-based DSOs**. The last remaining service operating as a DSO was the Street Lighting DSO and this was wound up in 2007/08 following the termination of the lighting maintenance contract provided for Surrey County Council. Provision has therefore been made in the budget to transfer this balance to the General Fund in 2007/08.
- 8.9 Contributions have been made to two **Egham Sports Centre Replacement Reserves** in order to fund the periodic replacement of equipment in the Fitness Suite and renewal of the all weather pitches. The revenue budget provides for annual contributions of £70,000 to the reserves. Expenditure of £25,000 is programmed to be financed from the reserve in 2008/09.
- 8.10 The **Addlestone Leisure Centre Replacement Reserve** was established in 2006/07 for similar purposes. The budget includes annual contributions of £30,000 to the reserve.

## 9. THE COLLECTION FUND

- 9.1. All transactions associated with Council Tax are shown in the Collection Fund. The legislation requires a calculation to be made of the estimated surplus or deficit on the Collection Fund at 31<sup>st</sup> March 2008 in order to distribute these amounts in 2008/09.
- 9.2. Any surplus or deficit arising from Council Tax transactions is shared between Runnymede Borough Council, Surrey County Council and Surrey Police (the precepting bodies) in proportion to their demands on the Collection Fund. The Council Tax yield has not been as buoyant as anticipated with the result that there will be an estimated deficit of £500,000 on the Council Tax Collection Fund at 31<sup>st</sup> March 2008. A significant factor has been banding reductions that have been backdated to 1993. The deficit will be distributed as follows.

	£
Surrey County Council	387,800
Surrey Police Authority	65,800
Runnymede Borough Council	46,400
	<u>£500,000</u>

10. **THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2008/09**

10.1 The Government announced a three year grant settlement in December. The provisional settlement was reported to the Corporate Management Committee on 3 January, 2008 and there have only been minor changes to the final figures. The main features of the system are summarised below.

10.2 Formula Grant  
**Formula Grant** is the name for the cash that the Council will receive from the Government. The Council's entitlement to Formula Grant is based on the following elements:-

<b>Formula Grant from the Government - Runnymede's share</b>		
<b>2007/08</b>		<b>2008/09</b>
<b>£</b>		<b>£</b>
2,541,600	• <b>Relative Needs</b> , assessed by ascribing values to a range of demographic indices	2,669,300
(2,692,700)	• A deduction for <b>Relative Resources</b> , calculated by assessing the authority's taxbase in relation to its population	(2,901,500)
5,391,900	• A <b>Central Allocation</b> , paid on a population based formula	5,726,400
(23,600)	• <b>Floor Damping</b> , providing protection to those authorities whose entitlement would otherwise fall below the 2.7% increase announced by the Government (and paid for by reducing the entitlement of authorities whose increase is more than 2.7%)	(128,900)
<b>£5,217,200</b>	<b>Formula Grant</b>	<b>£5,365,300</b>

10.3 These amounts will be paid partly in the form of redistributed **National Non-Domestic Rates** and partly in **Revenue Support Grant**.

10.4 The Formula Grant of £5,365,300 includes an adjustment of £46,900 to reflect new responsibilities and a specific grant that has been absorbed into the formula grant:-

	£
Waste performance grant absorbed in Formula Grant	39,000
Additional cost of contaminated land	1,000
Cost of new conduct regime	2,000
Responsibility for stray dogs transferred from Police	4,900
	<u>£46,900</u>

After adjusting for these changes, the 2008/09 entitlement represents an increase of 1.9% over the previous year.

10.5 Relative needs  
 The calculation of Relative Needs is split between spending blocks. District Council services fall into one block called the Environmental Protection and Cultural Services (EPCS) block. The Council's relative needs is the sum of

- the EPCS calculation;
- an element to reflect flood defence costs (based on historic spending);
- a fixed cost element;
- a capital financing element.

Floor Damping

10.6 The settlement provides grant protection so that no authority will receive less than the minimum increase announced by the Minister. For districts the floor increase is 1% in 2008/09. The cost of paying for floor damping is met by scaling back the amount of grant paid to those authorities whose increase is more than the floor. Since Runnymede's entitlement in 2008/09 will be in excess of the floor increase, the grant paid will be scaled back by £128,900 to redistribute to Councils below the floor.

11. **THE BOROUGH'S BASIC AMOUNT OF COUNCIL TAX 2008/09**

11.1 The calculation of the Council's basic amount of Council Tax is made by deducting from the Budget Requirement the formula grant that will be received from the Government.

11.2 The result is divided by the Council Tax Base of 33,107 (the calculation of this figure is explained on page xvi).

11.3 The calculation of the Council's basic amount of Council Tax (i.e. at Band D) is set out below.

	£
Budget Requirement	9,517,200
Less Formula Grant	- 5,365,300
Add Collection Fund deficit	<u>46,400</u>
	4,198,300
<u>Divided by Council Tax Base</u>	÷ 33,107
<b>Basic amount of Council Tax for the Borough</b>	<b>£126.81</b>

11.4 The Basic Amount of Council Tax of £126.81 equates to the charge on properties in Band D. The effect on each of the valuation bands is as follows:-

Band	A	B	C	D	E	F	G	H
Proportion	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths
Amount	£84.54	£98.63	£112.72	£126.81	£154.99	£183.17	£211.35	£253.62

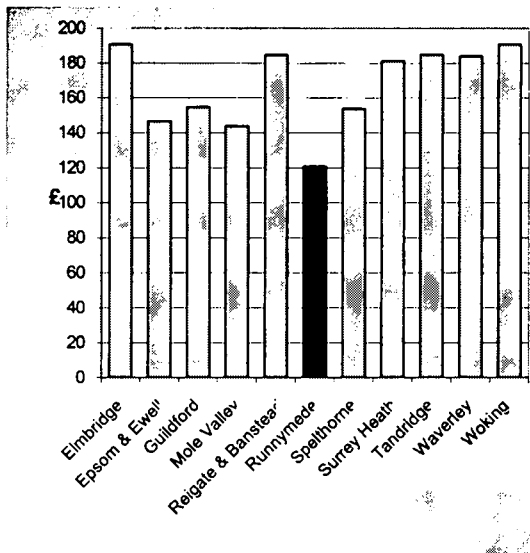
12. **SETTING OF THE COUNCIL TAX**

*Surrey County Council and Surrey Police Authority have not yet met to determine their Council Tax for 2008/09 so this section of the report will be submitted to the meeting of full Council on 14 February 2008 when these decisions are known.*

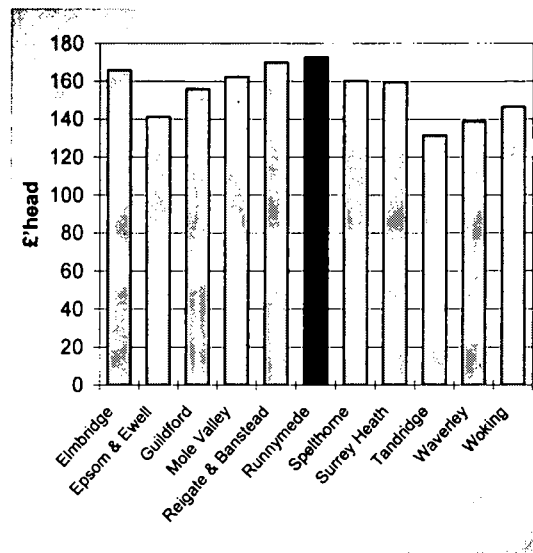
13. **CONCLUSION**

13.1 Runnymede's tax was the sixth lowest local tax in the country in 2007/08 (compared with the 238 shire district areas in England) while it continues to support a wide range of services. The comparative position in Surrey is illustrated in the following charts.

**District Council Tax at Band D in Surrey  
2007/08**



**Total expenditure on services: 2007/08 Budgets**



NB. Including average Parish charges.

Source: CIPFA Finance and General Statistics 2007/08

- 13.2 The projections in the five year Financial Forecast that was approved in November 2007 have been revised to take account of the latest costs of concessionary bus fares and pensions (see paragraph 6.3). With these exceptions, the 2008/09 budget is consistent with the forecast position. The forecast shown on page xiv has been updated to take the 2008/09 Estimates as its base.
- 13.3 Runnymede's element of the Council Tax is too low to support the present level of spending on services. Only the large withdrawals from balances allow the current spending on services to be supported. The Government's cap on tax increases above 5% means that there is no prospect of tax revenues bridging this gap. Delivering the additional £600,000 revenue reductions is a critical target if the Council is going to extend the use of balances beyond the next five years.
- 13.4 The Local Government Act 2003 requires me to report on the robustness of the estimates made for the purposes of calculating the Council Tax. The key budgetary assumptions used in compiling the 2008/09 estimates are set out on pages xxi and xxii. I am satisfied that the detailed preparation of each service budget reflects the Council's corporate strategies and that the Council is presented with robust estimates as a basis for making decisions about the level of Council Tax.

Stuart Cawthorne  
Director of Finance  
February 2008

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**GENERAL FUND REVENUE ACCOUNT FORECAST SUMMARY**

	ACTUAL 2006/07	ORIGINAL PROBABLE 2007/08	2007/08 £'000	BUDGET 2008/09	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	NOTES
1. Service Expenditure									
2. Housing Services	774	982	993	1,326	1,273	1,270	1,242	1,275	
3. Community Services	1,865	2,050	2,151	1,665	1,658	1,646	1,631	1,631	
4. Leisure Services	3,376	3,263	3,470	3,472	3,438	3,442	3,432	3,432	
5. Environmental Services	3,015	3,324	3,213	3,277	3,315	3,539	3,565	3,594	
6. Licensing & Regulatory	99	99	96	122	112	112	112	112	
7. Planning Services	1,262	1,369	1,314	1,463	1,438	1,438	1,386	1,386	
8. Highways and Infrastructure	616	647	645	649	649	649	649	649	
9. Economic Development	228	273	189	107	54	1	-127	-127	
10. Corporate & Business Services	3,083	3,732	3,452	3,861	3,788	3,798	3,893	3,895	
11. Capitalisation of Building Works	-386	-276	-299	-285	-285	-285	-285	-285	
<b>12. Net Expenditure on Services</b>	<b>13,932</b>	<b>15,463</b>	<b>15,224</b>	<b>15,657</b>	<b>15,440</b>	<b>15,610</b>	<b>15,498</b>	<b>15,562</b>	
13. Asset Management Revenue Account									
14. - Transfer to Replacement Reserve:	254	314	314	314	314	314	314	314	
15. - Reversal of Capital Charges	-3,397	-3,756	-3,552	-3,970	-3,970	-3,970	-3,970	-3,970	
16. Transfer from HRA	-3,000								
17. Transfer from DSO Reserves	-250	-1,140	-138	-1,200	-1,400	-1,200	-1,100	-900	6% in 2007/08; 5.5% in 2008/09
18. Investment Income	-1,230								
19. Performance Reward Grant	-70								
20. LA Business Growth Incentive Grant			-162						Grant to distribute growth in business rate income
21. Inflation (2.5% on pay and prices)									
22. Inflationary increase in income									
<b>23. Net General Fund Expenditure</b>	<b>6,239</b>	<b>10,881</b>	<b>10,386</b>	<b>10,801</b>	<b>10,774</b>	<b>11,614</b>	<b>12,092</b>	<b>12,856</b>	
<b>24. Use of Working Balance</b>	<b>2,606</b>	<b>-1,665</b>	<b>-1,170</b>	<b>-1,284</b>	<b>-873</b>	<b>-1,326</b>	<b>-1,400</b>	<b>-1,745</b>	
<b>25. Budget Requirement</b>	<b>8,845</b>	<b>9,216</b>	<b>9,216</b>	<b>9,517</b>	<b>9,901</b>	<b>10,288</b>	<b>10,692</b>	<b>11,111</b>	
26. Formula Grant	-5,067	-5,217	-5,217	-5,365	-5,482	-5,620	-5,760	-5,900	Government grant and Non Domestic Rates
27. Transfer to the Collection Fund				46					RBC share of the Collection Fund deficit
<b>28. Net Demand</b>	<b>3,778</b>	<b>3,999</b>	<b>3,999</b>	<b>4,198</b>	<b>4,419</b>	<b>4,668</b>	<b>4,932</b>	<b>5,211</b>	
<b>29. Council Tax</b>	<b>£115.11</b>	<b>£120.78</b>	<b>£120.78</b>	<b>£126.81</b>	<b>£133.11</b>	<b>£139.77</b>	<b>£146.79</b>	<b>£154.17</b>	
<b>30. Increase in Council Tax</b>				<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	
<b>31. Increase in budget requirement</b>				<b>3.27%</b>	<b>4.03%</b>	<b>3.91%</b>	<b>3.93%</b>	<b>3.92%</b>	
<b>32. Working Balances at year end</b>	<b>7,023</b>		<b>6,925</b>	<b>6,143</b>	<b>5,480</b>	<b>4,352</b>	<b>3,222</b>	<b>1,747</b>	See page xv

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## FORECAST REVENUE RESERVES AND CAPITAL RECEIPTS

	General Fund Revenue Reserves		Usable Capital Receipts	Balances Bearing Interest for General Fund	Housing Revenue Account	GRAND TOTAL
	Earmarked Reserves	Unallocated Balances				
<b>2007/08</b>						
Brought Forward 1.4.2007	1,656	7,023	4,465	13,144	1,799	14,943
Capital Receipts (received)	-1,072	1,072	15,675	15,675		15,675
Spent during the year	177	-1,170	-18,620	-18,620		-18,620
Other movements	761	-1,170	-993	-993	207	-786
		6,925	1,520	9,206	2,006	11,212
<b>2008/09</b>						
Brought Forward 1.4.2008	761	6,925	1,520	9,206	2,006	11,212
Capital Receipts (received)	-502	502	13,975	13,975		13,975
Spent during the year	223	-1,284	-3,447	-3,447		-3,447
Other movements	482	6,143	12,048	18,673	-546	-1,607
		6,143	6,625	18,673	1,460	20,133
<b>2009/10</b>						
Brought Forward 1.4.2009	482	6,143	12,048	18,673	1,460	20,133
Capital Receipts (received)	-210	210	1,400	1,400		1,400
Spent during the year	314	-873	-3,261	-3,261		-3,261
Other movements	586	5,480	10,187	16,253	-591	-1,150
		5,480	6,066	16,253	869	17,122
<b>2010/11</b>						
Brought Forward 1.4.2010	586	5,480	10,187	16,253	869	17,122
Capital Receipts (received)	-198	198	1,550	1,550		1,550
Spent during the year	314	-1,326	-2,878	-2,878		-2,878
Other movements	702	4,352	8,859	13,913	331	-681
		4,352	5,054	13,913	1,200	15,113
<b>2011/12</b>						
Brought Forward 1.4.2011	702	4,352	8,859	13,913	1,200	15,113
Capital Receipts (received)	-270	270	2,437	2,437		2,437
Spent during the year	314	-1,400	-4,200	-4,200		-4,200
Other movements	746	3,222	7,096	11,064	-317	-1,403
		3,222	3,968	11,064	883	11,947
<b>2012/13</b>						
Brought Forward 1.4.2012	746	3,222	7,096	11,064	883	11,947
Capital Receipts (received)	-270	270	800	800		800
Spent during the year	314	-1,745	-2,950	-2,950		-2,950
Other movements	790	1,747	4,946	7,483	-317	-1,748
		1,747	2,537	7,483	566	8,049

## DETERMINATION OF THE COUNCIL'S TAX BASE FOR 2008/09

1. Background
- 2.1 The Tax Base establishes the basis upon which precepting authorities calculate their demand on each Council Tax payer. When the Council approves its net budget requirement in February, the result will be divided by the Council Tax Base to determine the Council's tax demand.
- 2.2 Under section 84 of the Local Government Act 2003, a full Council meeting is no longer required to adopt the Council Tax base that is used when setting Council Taxes. The determination can now be delegated by the Authority in accordance with section 101 of the Local Government Act 1972.
- 2.3 Surrey County Council and the Surrey Police Authority undertake similar calculations, but in their case the Council Tax Base is the sum of the tax bases of all the Surrey Districts.
3. The Calculation
- 3.1 The Tax Base calculation is set out in full on the third page of this Appendix. It takes as its starting point the 33,158 dwellings that appear on the Listing Officer's valuation list as at 18<sup>th</sup> September 2006. These are aggregated by band.
- 3.2 This figure is adjusted to reflect the estimated changes to the list that will take place between now and the end of 2008/09. These are:-
  - a) An estimate of the full year effect of new dwellings being added to the list. The estimate of 262 based on an assessment of the developments currently taking place in the Borough averaged over the year.
  - b) The effect of disabled persons' reductions. Eligible persons will have their charge reduced by the amount of one band on their property. The estimate of 161 is based on the numbers currently in receipt of disabled persons' relief.
  - c) An estimate of the number of properties that will be demolished or removed from the list of dwellings.
  - d) There are 1,274 properties in the Borough subject to 100 per cent exemption. This category includes dwellings which are unfit, those whose only adult residents are students and six month exemptions on dwellings left empty by deceased persons or where they are undergoing structural repair. A further 178 dwellings have been added to this total to reflect the additional student discounts that were on the list in May, giving a more representative figure for the year as a whole.
- 3.3 The next stage in the calculation is to take account of the discounts to which people will be entitled:-
  - i) 10,330 dwellings have only a single adult resident. These people will have their bills discounted by 25%.
  - ii) 47 dwellings attract a 50% discount because the adult residents are disregarded for Council Tax purposes.
  - iii) There are 213 dwellings that are classified as second homes. The Corporate Management Committee resolved to reduce the discount on these dwellings from 50% to the statutory minimum of 10%.
  - iv) The Council exercised its discretion to grant no discount to long-term empty homes with effect from 1 April 2005. This means that the 328 dwellings in this category are liable for 100% of the Council Tax.
  - iv) The remaining 21,050 dwellings are liable to pay 100% of the Council Tax.

3.4 The totals for each band are then multiplied by the proportions applicable to each band, namely:-

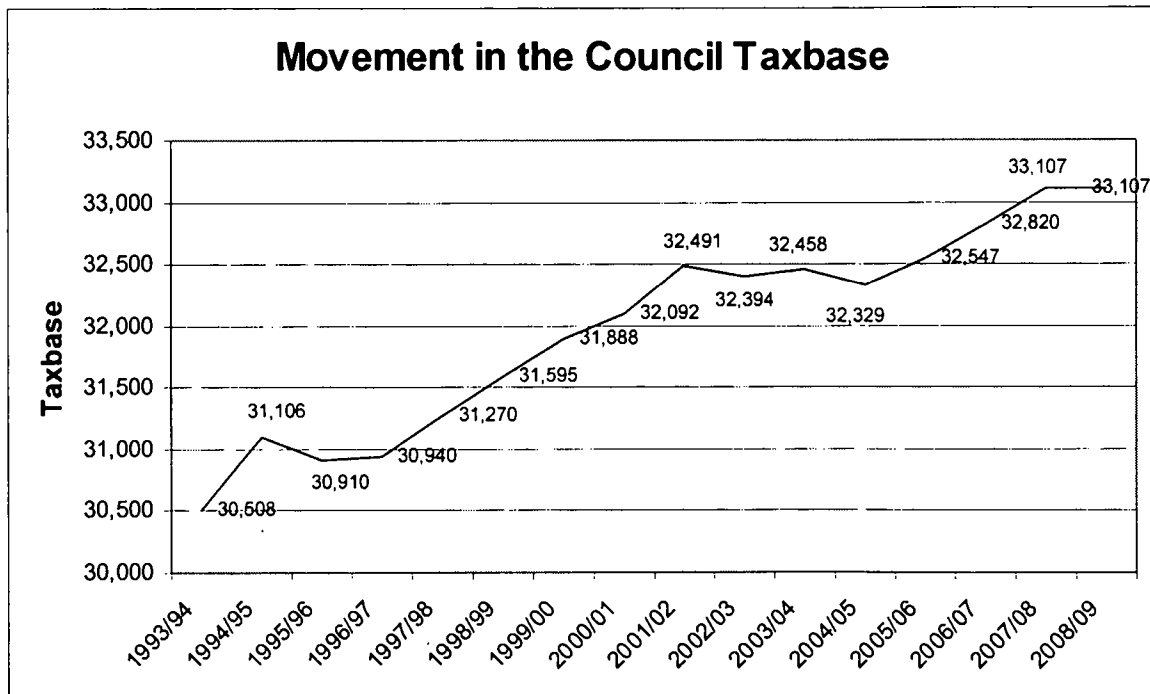
Band	A disabled	A	B	C	D	E	F	G	H
<u>Proportion</u>	5/9ths	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths

3.5 Allowance needs to be made for voids and non collection. Non-collection amounts to less than ½ per cent but the total allowance has been maintained at 98 per cent for 2008/09 to allow for void properties. Using a rate of 98% produces a total of 33,064.62 Band D equivalent properties.

3.6 To this figure needs to be added the number of Band D equivalent dwellings that are exempt because they are occupied by armed forces personnel. 50 properties fall into this category which in total produce a Band D weighted number of 42.1. The Ministry of Defence makes a contribution for these properties equivalent to the Council Tax that would otherwise be charged. The addition of these properties produces a final tax base of 33,107. This is identical to the tax base in 2007/08.

4. Comparison with previous years

4.1 The following table shows the movement that has taken place in the tax base since 1993/94.



## COUNCIL TAX BASE CALCULATION 2008/09

	PROPERTY BANDS								Total	
	A (disabled)	B	C	D	E	F	G	H		
Number sent by the Listing Officer	0	1,448	1,232	5,733	10,628	6,525	3,754	2,872	966	33,158
<b>ADJUSTMENTS</b>										
(a) Full year effect of new dwellings added to the list		0	15	77	125	11	10	7	17	262
(b) Disabled reductions - banding reduced by one band	1	-1	-2	-8	-46	-38	-33	-27	-6	-161
		2	8	46	38	33	27	6		161
(c) Demolitions / Removed from the list	0	0	0	0	0	0	0	0	0	0
(d) Exemptions										
- October 2007	0	-62	-54	-246	-529	-199	-83	-53	-48	-1,274
- increased to equate Class N with May	-2	-7	-52	-93	-10	-12	-2	-2	0	-178
<b>Estimated chargeable dwellings</b>	<b>1</b>	<b>1,385</b>	<b>1,192</b>	<b>5,550</b>	<b>10,123</b>	<b>6,322</b>	<b>3,663</b>	<b>2,803</b>	<b>929</b>	<b>31,968</b>
<b>Number of dwellings</b>										
- entitled to a 25% discount	0	704	736	2,902	3,289	1,504	695	413	87	10,330
- entitled to a 50% discount	0	0	0	1	8	5	15	15	3	47
- where the Council has exercised a discretion										
- second homes discounts @ 10%	0	17	5	39	42	31	11	21	47	213
- empty homes discounts @ 0%	0	31	23	58	92	53	25	25	21	328
- other dwellings with 100% liability	1	633	428	2,550	6,692	4,729	2,917	2,329	771	21,050
<b>Equivalent number of dwellings</b>	<b>1.00</b>	<b>1,207.30</b>	<b>1,007.50</b>	<b>4,820.10</b>	<b>9,292.55</b>	<b>5,940.40</b>	<b>3,480.65</b>	<b>2,690.15</b>	<b>901.05</b>	<b>29,340.70</b>
<b>Proportion of Band D</b>	<b>5/9</b>	<b>6/9</b>	<b>7/9</b>	<b>8/9</b>	<b>9/9</b>	<b>11/9</b>	<b>13/9</b>	<b>15/9</b>	<b>18/9</b>	
<b>Number of Band D equivalent dwellings</b>	<b>0.60</b>	<b>804.90</b>	<b>783.60</b>	<b>4,284.50</b>	<b>9,292.60</b>	<b>7,260.50</b>	<b>5,027.60</b>	<b>4,483.60</b>	<b>1,802.10</b>	<b>33,740.00</b>
<b>Allowance for voids &amp; non collection €</b>	<b>0.59</b>	<b>788.80</b>	<b>767.93</b>	<b>4,198.81</b>	<b>9,106.75</b>	<b>7,115.29</b>	<b>4,927.05</b>	<b>4,393.93</b>	<b>1,766.06</b>	<b>33,064.62</b>
<b>ADD Contributions in lieu for MOD property</b>										<b>42.10</b>
<b>Tax base</b>										<b>33,106.72</b>

# BUDGET ASSUMPTIONS 2008/09

## 1. Format of estimates

The estimates show the detailed financial estimates for each service area or activity, and information on service levels and policy aspirations. The aim is to allow Members and other users to compare the level of the budget to a range of qualitative and quantitative output measures.

## 2. Council policy

The Council approved the Financial Forecast in December 2007. The Forecast is a key financial planning tool and it sets out the medium term financial strategy of the Council. It includes the programme for achieving savings targets and the financial impact of other anticipated changes in budgetary provision at service level.

The Council faces considerable financial challenges over the next few years. The Forecast sets out proposals to bring expenditure and income into balance over the medium term. This included a set of new net revenue reductions.

These estimates include only those revenue reductions that have reasonable likelihood of being delivered in 2008/09. Also, as a step to create additional savings, budgets have been cash limited wherever possible. This will create an incentive for managers to work creatively within tighter budgets without placing undeliverable burdens on existing service levels. However, where budgets have already been reduced by approved spending initiatives, it may not be possible to achieve any further incremental reductions.

## 3. Comparative statistics

The Audit Commission encourages local authorities to look at how costs compare to others as a starting point in value for money assessments. This analysis should not be an over complicated process that seeks perfect comparisons but a high-level exercise taking an overview of service costs. For this reason, a series of high-level cost comparisons have been included in the draft estimates that compare Runnymede to the other Surrey district councils.

These comparisons are based on original estimates and are taken from the "*General Fund Revenue Accounts Return*" that all authorities have to complete and submit to the DCLG. During 2008 Officers will attempt to identify reasons for variations – these could be influenced by service quality or quantity – in order to better inform judgement about value for money.

The definition of capital charges has changed for the figures used in the comparative statistics for 2007/08. In particular, the notional interest charge has been removed, in order that charges more closely align with "*UK Generally Accepted Accounting Practice*". (UK GAAP). This means that any comparative statistics including capital charges will not be directly comparable with previous years.

## 4. Capital charges

The assets used in the provision of services comprise the land and buildings, vehicles and equipment used by each service. The accounting charges for these assets – the capital charges – are shown as a separate line on each relevant service page. In Runnymede, we have decided to continue including a notional interest charge when preparing our estimates in order that the full cost of capital (i.e. depreciation and the cost of capital tied up in a service) can be recognised. The net impact on taxation of these accounting charges is neutral because a corresponding credit for all capital charges is made in the General Fund Summary statement.

## **5. Staff costs: Pay assumptions and pension contributions**

The estimates for 2008/09 assume a local inflationary pay increase of 2.5% effective from July 2008. Allowance has also been made in the estimates for staff progression through the pay scales awarded via the performance related pay scheme. There are some significant changes in staff costs resulting from the job evaluation and pay benchmarking exercise. This means that for some services the cost of staffing in 2007/08 and 2008/09 is substantially more than for 2006/07, even though there have been no changes in personnel or staff numbers.

The salary and wages allocations to services for 2008/09 draft estimates are based on employers pension contributions of 12.5% of pensionable pay (i.e. same as for 2007/08). The scheme actuary has since determined that the employer contribution rate for 2008/09, 2009/10 and 2010/11 shall be 16.3% of pensionable pay. The additional cost of this increase is held in the Employers Costs budget head in the Corporate Management Committee estimates. It will be necessary to allocate this cost to services when preparing the 2008/09 accounts.

## **6. Five-year strategic maintenance programme**

The first five-year programme of repairs, planned maintenance and improvement works to the corporate property portfolio commenced in April 2003. The programme was constructed following a detailed survey. The second five-year programme will commence in April 2008.

Much of the programme is financed from revenue, with improvement works met from capital resources. To simplify control and management, and to provide transparency about the scale of the programme, service budgets include the estimated cost of all the works (i.e. both capital and revenue financed). A global adjustment is made in the General Fund Summary Revenue Account to account for the proportion financed from capital resources.

All works falling under the programme are scheduled in order of priority. This means that there will be large year on year variances in the bottom line of some services because of the incidence of planned and cyclical works on individual budgets. The timing of the programme was reviewed in 2005 as part of the exercise to identify potential revenue savings. As a result, some of the works were rescheduled.

## **7. New civic offices**

The cost of the new civic offices will be greater than the old civic offices because of the increases in business rates and the capital charge. These are offset by reductions in maintenance and energy costs. There will inevitably be some degree of volatility in running costs during the early period of occupation of the new offices as experience is gained of working arrangements and other requirements. The main costing assumptions used for move to the new civic offices are:

- Capital charges: The charge for the new offices is based on the estimated full cost of building and the value of the land. A charge for the old civic office site will be made until such time as the site is sold (assumed as June 2008).
- Business rates: Based on provisional valuations supplied by the District Valuer. While the building is empty there is a 3 month void allowance period after which full rates are payable.
- Old offices: It has been assumed that the building will be empty from 1 March and that the cost of services and other liabilities (cleaning, lighting, fuel, security) will be kept to a minimum until the date of sale.
- Allocation of costs to services: The very different layout of the new offices translates into significant changes in charges made to individual services. The residual running costs for the vacant old civic offices are not allocated to services.

## 8. Customer services (front of house)

The costing arrangements for the new service arrangements for reception and front of house are:

- Receptionists: These were previously costed to the civic offices budget. They are now included in the new 'customer services' budget.
- Transferred and additional staff resources are recognised in this new heading too.
- Information technology: The new heading includes the cost of the proposed "customer relationship management" system as well as the other IT related services used.
- Allocation of costs to services: These are based on estimated usage i.e. the numbers of telephone and personal callers routed through front of house services. These allocations will become more accurate as data of actual usage is gained.

The budget for front of house services is included with the other control and establishment budgets held by the Corporate Management Committee. The allocations to services are included in the "Legal and Administration Services" line in service estimates.

## 9. Procurement services

A new charge for procurement services was introduced in 2006/07. This replaced the previous method of recovering this overhead of a "stores on-cost", and reflects the decision to replace the central stores function with a central procurement section. From 2008/09, the cost of the procurement service includes the management of the "business centres" in the new civic offices. This will increase the recharges of procurement costs to services accordingly.

## 10. General assumptions

The following general assumptions have been made in the detailed preparation of estimates for 2008/09:

### General expenses

Salaries	2.5% from 1 July 2008
Wages	2.5% from the appropriate pay review date
Other expenses	2.5% or lower if appropriate
Contracted services	2.5%

### Capital charges

<u>Assets valued at:</u>	<u>2007/08</u>	<u>2008/09</u>
Historic cost (e.g. infrastructure assets, community assets)	4.15%	4.70%
Current cost (e.g. operational assets, investment properties)	3.50%	3.50%

### Income

Income from fees and charges is based on estimated demand and the tariff set out in the fees and charges schedule..

### Investment interest – average rates

	<u>2007/08</u>	<u>2008/09</u>
Externally managed fund	6.10%	6.00%
Internally managed investments	6.10%	5.75%

## 11. Support Service Costs

The "Best Value Accounting Code of Practice" requires the cost of overheads to be allocated to those services that use that overhead. The following table shows the basis upon which each support service has been allocated.

<b>Support Service</b>	<b>Basis of allocation</b>
Depot	Area occupied
Central expenses	Estimated usage
Financial advice	Time allocations
Income and expenditure accounting	Number of cost codes
Budgeting and final accounts	Turnover
Cash collection and accounting	Number and type of transactions
Payroll services	Number of employees
Payments to creditors	Invoices processed
Debtors accounting and collection	Number of bills sent to debtors
Internal Audit	Audit days
Computing services	Estimated usage / No. of terminals and printers
Document management	Estimated and potential usage
Runnymede On-line	Estimated usage/No. of terminals
Personnel services	Number of employees
New Civic Offices	Area occupied
Front of house / reception services	Estimated usage
Legal, committee, typing etc. services	Estimated time spent by staff
Technical support services	Time allocations
Geographical Information Service	Estimated usage
Runnymede Direct Services	Estimated usage
Procurement services	Estimated usage
Safer Runnymede	Time allocations & No. of cameras
Other managerial and professional services	Estimated time spent by staff

# GENERAL FUND SUMMARY REVENUE ACCOUNT

## COUNCIL BUDGET FOR THE YEAR ENDING 31st MARCH 2009

	<u>2006/07</u> Actual £	<u>2007/08</u> Estimate £	<u>2007/08</u> Probable £	<u>2008/09</u> Estimate £
<b><u>EXPENDITURE ON SERVICES</u></b>				
Housing Services	773,919	982,100	993,100	1,326,400
Community Services	1,864,827	2,049,500	2,151,400	1,665,600
Leisure & Cultural Services	3,375,244	3,262,400	3,469,700	3,472,100
Environmental Services	3,015,618	3,324,000	3,213,100	3,277,700
Licensing & Regulatory Functions	99,118	99,200	95,500	121,700
Planning Services	1,261,751	1,369,300	1,314,000	1,462,900
Highways Services	616,513	647,000	645,000	649,000
Economic Development	227,663	273,000	189,300	106,600
Corporate & Business Services	3,083,301	3,732,400	3,452,500	3,860,600
Capitalisation of building works (AMP)	(386,000)	(276,000)	(299,700)	(285,000)
<b>NET EXPENDITURE ON SERVICES</b>	<b>13,931,955</b>	<b>15,462,900</b>	<b>15,223,900</b>	<b>15,657,600</b>
<b><u>TRANSFERS AND FINANCING ADJUSTMENTS</u></b>				
Asset Management - reversal of capital charges	(3,397,100)	(3,756,000)	(3,551,900)	(3,969,900)
Transfer to Reserves:				
- Information Technology Replacement Reserve	85,000	85,000	85,000	85,000
- CCTV Equipment Replacement Reserve	129,000	129,000	129,000	129,000
- ELC Equipment Reserve	25,000	40,000	40,000	40,000
- ELC Football Pitch Reserve	0	30,000	30,000	30,000
- ALC Equipment Reserve	15,000	30,000	30,000	30,000
Transfer from the Housing Revenue Account	(3,000,000)	0	0	0
Transfer from DSO Reserves	(250,000)	0	(138,000)	0
Performance Reward Grant	(69,612)	0	0	0
Business Growth Incentive Grant	0	0	(162,000)	0
Investment Income	(1,229,665)	(1,140,000)	(1,300,000)	(1,200,000)
<b>NET GENERAL FUND EXPENDITURE</b>	<b>6,239,578</b>	<b>10,880,900</b>	<b>10,386,000</b>	<b>10,801,700</b>
Use of Working Balance	2,605,351	(1,665,000)	(1,170,100)	(1,284,500)
<b>BUDGET REQUIREMENT</b>	<b>8,844,929</b>	<b>9,215,900</b>	<b>9,215,900</b>	<b>9,517,200</b>
Formula Grant	(5,067,019)	(5,217,200)	(5,217,200)	(5,365,300)
Transfer to the Collection Fund	0	0	0	46,400
<b>NET DEMAND</b>	<b>3,777,910</b>	<b>3,998,700</b>	<b>3,998,700</b>	<b>4,198,300</b>

## COUNCIL TAX CALCULATION

Council Tax Base (note 1)	32,820	33,107	33,107	33,107
Basic Amount of Council Tax (note 2)	£115.11	£120.78	£120.78	£126.81
<b>Notes</b>				
1. This represents the number of properties adjusted for discounts, exemptions and bandings.				
2. Calculated by dividing the Net Demand by the Council Tax base.				