

RECOMMENDATIONS TO COUNCIL
COUNCILLOR HORSLEY - LEADER OF THE EXECUTIVE

(a) General Fund Revenue Estimates 2003/2004

The Executive have considered the draft forward estimates for General Fund Revenue Expenditure for 2003/04. They have also been considered in detail by the Review Board.

The report has been updated to reflect the final local government finance settlement together with a statement from the Financial Services Manager, (Section 12 of Appendix A), on the adequacy of reserves. This is included in full in Appendix A to this recommendation.

The Council are therefore RECOMMENDED that the budget for General Fund services for 2003/04 be agreed and that:-

- (a) the transfer for any underspend in 2002/03 back to General Fund Reserves be agreed;
- (b) the use of £692,499 from General Fund Reserves to support the 2003/04 budget be agreed;
- (c) the development bids set out in the report be agreed;
- (d) the increases to fees and charges set out in the report be agreed;
- (e) the proposed 2003/04 budget being Authority expenditure of £11,262,515 and special expenses of £25,000 be agreed in accordance with the Local Government Act 1992;
- (f) the predicted General Fund Reserve balance at 31 March 2004 of £1,310,308 be noted.

(b) General Fund Capital Programme

The proposed Capital Programme of the Council projects a total programme of £5,861,831 over the next three financial years.

The financing of the General Fund Capital Programme uses a number of funding sources which includes Basic Credit Approvals, Supplementary Credit Approvals, Capital Receipts, Revenue Contributions to Capital (RCCO) and Developers contributions and Section 106 Agreements.

The Executive have considered the proposed Capital Programme which includes (a) schemes to be deleted/reduced from the programme; (b) new schemes to be included in the programme and (c) new schemes that have not been included in the programme. The amount of resources available totalled £5,861,830. The proposed programme as submitted projects a total programme of £5,621,830. This means that there is currently a surplus of £240,000 available. Any new schemes that emerged during the lifespan of the programme will be funded through the surplus resources or through new resources such as additional Capital Receipts.

The Review Board have considered the General Fund Capital Programme and have not suggested any amendments.

The Council are therefore RECOMMENDED that the General Fund Capital Programme as set out in the report circulated to all Councillors with the Executive agenda be agreed.

(c) Council Tax Setting 2003/04

The Council is required to make an annual determination which sets its gross expenditure (including the Housing Revenue Account and balances brought forward) and gross income (also including the Housing Revenue Account and balances brought forward) with the difference as its budget requirement. (This determination is set out in the resolution).

The level of Council Tax for the Police Authority and the County Council has not yet been confirmed.

The estimated expenses chargeable to the non-parished area of Taunton in 2003/04 is £25,000 and this forms part of the total net expenditure of the Council. Details of the Parish Precepts levied and the appropriate Council Tax at Band 'D' are submitted with the Executive agenda.

The estimated balance on the Council Tax Collection Fund is a surplus of £186,321. Taunton Deane's share of this is £22,140. This is reflected in the Revenue Estimates.

The overall debt outstanding on Community Charge is now approximately £2,100. The overall debt has been reduced during the year by "write-offs" of over £27,000 and it is estimated that the Community Charge collection fund as at 15 January 2003 has a surplus of £27,974. This element is not shared with the County Council or the Police Authority and is therefore available as income to the General Fund. This is reflected in the Revenue Estimates.

The Council's requirement, including Parish Precepts and non parish special expenses is £11,568,625. This is then reduced by the amount notified in respect of the Borough's Revenue Support Grant of £3,458,359 and the non-domestic rates distribution from the Pool amounting to £3,579,322.

The net amount, having taken the collection fund position into account of £4,480,830 is used to calculate the Council Tax at Band 'D' by dividing it by the total of the Council Tax base as approved by the Council in December 2002. The Council Tax for the Borough (excluding Parish Precepts and special expenses for the non-parish area) is £109.51, an increase of £2.15 (2%) compared to the 2002/03 Council Tax. The total Council Tax, including the County Council and Policy Authority Precepts, is still subject to confirmation.

The Police Authority have now confirmed their tax increase, and will be levying a Band D tax of £111.64, an increase of 33.86%.

Somerset County Council will agree their tax at a meeting on 19 February 2003, after these papers have been issued. The draft figures used for tax setting purposes show a Band D tax of £858.36, an increase of 11.9%. Should this figure change, the tax setting recommendations will be updated verbally at the meeting.

The Council are therefore RECOMMENDED that subject to final determination, including the Council Tax for Somerset County Council, which is still to be advised:-

- (1) that it be noted that at its meeting on 17 December 2002 the Council calculated the following amounts for the year 2003/04 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992:-
 - (a) 38,122.79 being the amount calculated by the Council in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year.

(b)

Ash Priors	64.49	Neroche	235.83
Ashbrittle	80.93	North Curry	694.52
Bathealton	80.14	Norton Fitzwarren	652.77
Bishops Hull	1,060.29	Nynehead	143.14
Bishops Lydeard/ Cothelstone	1,747.63	Oake	318.92
Bradford on Tone	270.96	Otterford	160.35
Burrowbridge	196.94	Pitminster	435.55
Cheddon Fitzpaine	617.85	Ruishton/ Thornfalcon	602.68
Chipstable	109.92	Sampford Arundel	128.16

Churchstanton	296.10	Staplegrove	707.17
Combe Florey	107.55	Stawley	112.47
Comeytrowe	2,066.07	Stoke St Gregory	369.72
Corfe	130.85	Stoke St Mary	193.02
Creech St Michael	939.06	Taunton	15,141.11
Durston	56.75	Trull	931.31
Fitzhead	120.74	Wellington	4,501.70
Halse	140.43	Wellington (Without)	288.83
Hatch Beauchamp	241.44	West Bagborough	155.29
Kingston St Mary	426.88	West Buckland	391.84
Langford Budville	211.37	West Hatch	135.36
Lydeard St Lawrence/Tolland	195.55	West Monkton	1,058.45
Milverton	565.70	Wiveliscombe	1,036.98

being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

- (2) That the following amounts be now calculated by the Council for the year 2003/04 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

(a) £53,818,644 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (c) of the Act.
(Gross Expenditure including amount required for working balance).

(b) £42,250,019 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.
(Gross Income including reserves to be used to meet Gross Expenditure).

(c) £11,568,625 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 32(4) of the Act, as its budget requirement for the year.

(d) £7,087,795 being the aggregate of the sums which the Council estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (*Council Tax Surplus*) and increased by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the Collection Fund (Community Charge) directions under Sec 98(4) of the Local Government Finance Act 1988 made on 7 February 1994 (*Community Charge Surplus*).

(e) £117.54
$$\frac{(c) - (d)}{1(a)} = \frac{11,568,448 - 7,087,618}{38,122.79}$$

being the amount calculated at (c) above less the amount at (d) above, all divided by the amount at 1(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year. (*Average Council Tax at Band D for Borough Including Parish Precepts and Special Expenses*).

(f) £306,110 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts and Special Expenses*).

(g) £109.51
$$\frac{(e) - (f)}{1(a)} = \frac{117.54 - 306.110}{38,122.79}$$

being the amount at (e) above less the result given by dividing the amount at (f) above by the amount at 1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relate. (*Council Tax at Band D for Borough Excluding Parish Precepts and Special Expenses*).

(h)

Ash Priors	109.51	Neroche	117.99
Ashbrittle	125.57	North Curry	126.07
Bathealton	117.00	Norton Fitzwarren	126.98
Bishops Hull	122.30	Nynehead	123.48
Bishops Lydeard/ Cothelstone	121.98	Oake	119.39
Bradford on Tone	122.43	Otterford	109.51
Burrowbridge	132.00	Pitminster	116.86
Cheddon Fitzpaine	117.60	Ruishton/ Thornfalcon	127.04
Chipstable	123.16	Sampford Arundel	132.53
Churchstanton	126.99	Staplegrove	118.70
Combe Florey	120.20	Stawley	118.40
Comeytrove	115.56	Stoke St Gregory	125.06
Corfe	116.58	Stoke St Mary	114.69
Creech St Michael	120.69	Taunton	111.16
Durston	110.21	Trull	117.03
Fitzhead	123.59	Wellington	126.01
Halse	121.97	Wellington (Without)	121.63
Hatch Beauchamp	120.28	West Bagborough	115.95
Kingston St Mary	123.57	West Buckland	127.37
Langford Budville	117.32	West Hatch	123.41
Lydeard St Lawrence/Tolland	117.18	West Monkton	116.36
Milverton	120.12	Wiveliscombe	123.98

being the amounts given by adding to the amount at (g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(Council Taxes at Band D for Borough Parish and Special Expenses).

- (i) See overleaf

9.2.2(i)

Valuation Band	A	B	C	D	E	F	G	H
Ash Priors	73.01	85.17	97.34	109.51	133.85	158.18	182.52	219.02
Ashbottle	83.72	97.66	111.62	125.57	153.48	181.38	209.29	251.14
Bathealton	78.00	91.00	104.00	117.00	143.00	169.00	195.00	234.00
Bishops Hull	81.54	95.12	108.71	122.30	149.48	176.65	203.84	244.60
Bishops Lydeard/Cothelstone	81.32	94.87	108.42	121.98	149.09	176.19	203.30	244.86
Bradford On Tone	81.62	95.22	108.82	122.43	149.64	176.84	203.30	244.86
Burrowbridge	88.00	102.66	117.33	132.00	161.34	190.67	220.00	264.00
Cheddon Fitzpaine	78.40	91.46	104.53	117.60	143.74	169.87	196.00	235.20
Chipstable	82.11	95.79	109.47	123.16	150.53	177.90	205.27	246.32
Churchstanton	84.66	98.77	112.88	126.99	155.21	183.43	211.65	253.98
Combe Florey	80.14	93.48	106.84	120.20	146.92	173.62	200.34	240.40
Comeytrove	77.04	89.88	102.72	115.56	141.24	166.92	192.60	231.12
Creec St Michael	77.72	90.67	103.62	116.58	142.49	168.39	194.30	233.16
Corfe	80.46	93.87	107.28	120.69	147.51	174.33	201.15	241.38
Durston	73.48	85.71	97.96	110.21	134.71	159.19	183.69	220.42
Fitzhead	82.40	96.12	109.86	123.59	151.06	178.52	205.99	247.18
Halse	81.32	94.87	108.42	121.97	149.08	176.18	203.29	243.94
Hatch Beauchamp	80.19	93.55	106.91	120.28	147.01	173.74	200.47	240.56
Kingston St Mary	82.58	96.11	109.84	123.57	151.03	178.49	205.95	247.14
Langford Budville	78.22	91.24	104.28	117.32	143.40	169.46	195.54	234.64
Lydeard St Lawrence/Tolland	78.12	91.14	104.16	117.18	143.22	169.26	195.30	234.36
Milverton	80.08	93.42	106.77	120.12	146.82	173.51	200.20	240.24
Neroche	78.66	91.77	104.88	117.99	144.21	170.43	196.65	235.98
North Curry	84.05	98.05	112.06	126.07	154.09	182.10	210.12	252.14
Norton Fitzwarren	84.66	98.76	112.87	126.98	155.20	183.41	211.64	253.96
Nynehead	82.32	96.04	109.76	123.48	150.92	178.36	205.80	246.96
Oake	79.60	92.85	106.12	119.39	145.93	172.45	198.99	238.78
Otterford	73.01	85.17	97.34	109.51	133.85	158.18	182.52	219.02
Pitminster	77.91	90.89	103.87	116.86	142.83	168.80	194.77	233.72
Ruishton/Thorntalton	84.70	98.80	112.92	127.04	155.28	183.50	211.74	254.08
Sampford Arundel	88.36	103.07	117.80	132.53	161.99	191.43	220.89	265.06
Staplegrave	79.14	92.32	105.51	118.70	145.08	171.45	197.84	237.40
Stawley	78.94	92.08	105.24	118.40	144.72	171.02	197.34	236.80
Stoke St Gregory	83.38	97.26	111.16	125.06	152.86	180.64	208.44	250.12
Stoke St Mary	76.46	89.20	101.94	114.69	140.18	165.66	191.15	229.38
Taunton	74.11	86.45	98.81	111.16	135.87	160.56	185.27	222.32
Trull	78.02	91.02	104.02	117.03	143.04	169.04	195.05	234.06
Wellington	84.01	98.00	112.01	126.01	154.02	182.01	210.02	252.02
Wellington W/out	81.09	94.60	108.11	121.63	148.66	175.69	202.72	243.26
West Bagborough	77.30	90.18	103.06	115.95	141.72	167.48	193.25	231.90
West Buckland	84.92	99.06	113.22	127.37	155.68	183.98	212.29	254.74
West Hatch	82.28	95.98	109.70	123.41	150.84	178.26	205.69	246.82
West Monkton	77.58	90.50	103.43	116.36	142.22	168.07	193.94	232.72
Wiveliscombe	82.66	96.42	110.20	123.98	151.54	179.08	206.64	247.96

being the amounts given by multiplying the amounts at (h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Council Tax for Individual Parishes and the Borough).

That it be noted that for the year 2002/03 the Somerset County Council and the Avon & Somerset Police Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Somerset County Council	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Avon & Somerset Police Authority	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

9.2.4 That, having calculated the aggregate in each case of the amounts at 9.2.2 (i) and 9.2.3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2003/04 for each of the categories of dwellings shown below:-

Valuation Band	A	B	C	D	E	F	G	H
Ash Priors	719.68	839.61	959.57	1079.51	1319.41	1559.29	1799.19	2159.02
Ashbriattle	730.39	852.10	973.85	1095.57	1339.04	1582.49	1825.96	2191.14
Bathealton	724.67	845.44	966.23	1087.00	1328.56	1570.11	1811.67	2174.00
Bishops Hull	728.21	849.56	970.94	1092.30	1335.04	1577.76	1820.51	2184.60
Bishops Lydeard/Cothelstone	727.99	849.31	970.65	1091.98	1334.65	1577.30	1819.97	2183.96
Bradford On Tone	728.29	849.66	971.05	1092.43	1335.20	1577.95	1820.72	2184.86
Burrowbridge	734.67	857.10	979.56	1102.00	1346.90	1591.78	1836.67	2204.00
Cheddton Fitzpaine	725.07	845.90	966.76	1087.60	1329.30	1570.98	1812.67	2175.20
Chipstable	728.78	850.23	971.70	1093.16	1336.09	1579.01	1821.94	2186.32
Churchstanton	731.33	853.21	975.11	1096.99	1340.77	1584.54	1828.32	2193.98
Combe Florey	726.81	847.92	969.07	1090.20	1332.48	1574.73	1817.01	2180.40
Comeytrowe	723.71	844.32	964.95	1085.56	1326.80	1568.03	1809.27	2171.12
Corfe	724.39	845.11	965.85	1086.58	1328.05	1569.50	1810.97	2173.16
Creech St Michael	727.13	848.31	969.51	1090.69	1333.07	1575.44	1817.82	2181.38
Durston	720.15	840.15	960.19	1080.21	1320.27	1560.30	1800.36	2160.42
Fitzhead	729.07	850.56	972.09	1093.59	1336.62	1579.63	1822.66	2187.18
Halse	727.99	849.30	970.65	1091.97	1334.64	1577.29	1819.96	2183.94
Hatch Beauchamp	726.86	847.99	969.14	1090.28	1332.57	1574.85	1817.14	2180.56
Kingston St Mary	729.05	850.55	972.07	1093.57	1336.59	1579.60	1822.62	2187.14
Langford Budville	724.89	845.68	966.51	1087.32	1328.96	1570.57	1812.21	2174.64
Lydeard St Lawrence/Tolland	726.75	847.86	969.00	1090.12	1332.38	1574.62	1816.87	2180.24
Milverton	725.33	846.21	967.11	1087.99	1329.77	1571.54	1813.32	2175.98
Neroche	730.72	852.49	974.29	1096.07	1339.65	1583.21	1826.79	2192.14
North Curry	731.33	853.20	975.10	1096.98	1340.76	1584.52	1828.31	2193.96
Norton Fitzwarren	728.99	850.48	971.99	1093.48	1336.48	1579.47	1822.47	2186.96
Nynehead	726.27	847.29	968.35	1089.39	1331.49	1573.56	1815.66	2178.78
Oake	719.68	839.61	959.57	1079.51	1319.41	1559.29	1799.19	2159.02
Otterford	724.58	845.33	966.10	1086.86	1328.39	1569.91	1811.44	2173.72
Pitminster	731.37	853.24	975.15	1097.04	1340.84	1584.61	1828.41	2194.08
Ruishon/Thornfalcon	735.03	857.51	980.03	1102.53	1347.55	1592.54	1837.56	2203.06
Sampford Arundel	725.81	846.76	967.74	1088.70	1330.64	1572.56	1814.51	2177.40
Staplegrove	730.65	846.52	967.47	1088.40	1330.28	1572.13	1814.01	2176.80
Stawley	725.61	846.52	967.47	1088.40	1330.28	1572.13	1814.01	2176.80
Stoke St Gregory	730.05	851.70	973.39	1095.06	1338.42	1581.75	1825.11	2190.12
Stoke St Mary	723.13	843.64	964.17	1084.69	1325.74	1566.77	1807.82	2169.38
Taunton	720.78	840.89	961.04	1081.16	1321.43	1561.67	1801.94	2162.32
Trull	724.69	845.46	966.25	1087.03	1328.60	1570.15	1811.72	2174.06
Wellington	730.68	852.44	974.24	1096.01	1339.58	1583.12	1826.69	2192.02
Wellington W/out	727.76	849.04	970.34	1091.63	1334.22	1576.80	1819.39	2183.26
West Bagborough	723.97	844.62	965.29	1085.95	1327.28	1568.59	1809.92	2171.90
West Buckland	731.59	853.50	975.45	1097.37	1341.24	1585.09	1828.96	2194.74
West Hatch	728.95	850.42	971.93	1093.41	1336.40	1579.37	1822.36	2186.82
West Monkton	724.25	844.94	965.66	1086.36	1327.78	1569.78	1810.61	2172.72
Wiveliscombe	729.33	850.86	972.43	1093.98	1337.10	1580.19	1823.31	2187.96

(d) Borrowing Limit

Local Authorities are statutorily required to determine for each Financial Year (a) their overall borrowing limit; (b) their short-term borrowing limit, and (c) a limit on the proportion of interest that was payable by them at variable rates.

The determination has to be made by the Council before the beginning of the Financial Year.

The borrowing limit is a total of (d) the current level of outstanding debt; (e) the anticipated authorised new borrowing in 2003/04; (f) provision for possible temporary revenue borrowing in anticipation of income being received.

Limits set by the Council in February 2002 have been in place for a number of years and are still considered to be adequate. No changes are therefore proposed.

The Council are therefore RECOMMENDED that for 2003/04:-

- (a) the overall borrowing be fixed at £44,000,000;
- (b) the short-term borrowing at any time should not exceed £11,000,000 representing 25% of the borrowing limit, and
- (c) that no more than 50% of the total amount of interest payable may be at variable interest rates.

Councillor Jefferson Horsley

APPENDIX A

TAUNTON DEANE BOROUGH COUNCIL

COUNCIL - 25 FEBRUARY 2003

REPORT OF THE FINANCIAL SERVICES MANAGER

This Matter Is The Responsibility of Executive Cllr Horsley (Leader of the Council)

GENERAL FUND REVENUE ESTIMATES 2003/04

1.0 Purpose

1.1 To consider the draft forward estimates for general fund revenue expenditure for the next financial year 2003/04.

2.0 Background

2.1 The 2002/03 budget setting report, which was considered by full Council in February 2002 required only £83k of General Fund Reserves to support spending. This was a significant step forward in this Council's drive to set a sustainable budget and leave reserves in a healthy position, sufficient to deliver the Council's key corporate priorities.

2.2 Members of the Executive, along with Corporate Management Team (CMT), started work on the authority's medium term financial plan in the summer of 2002. The financial model was refined and updated to predict the Council's financial position over a three-year period. The model showed quite clearly the predicted "budget gap" that had to be resolved for 2003/04, and allowed the Executive to refine their financial strategy in the longer term.

2.3 As the year progressed, and the picture with our capital programme became ever more gloomy, it was clear that some difficult decisions would be required in this budget round. The primary objective has been to present a budget for 2003/04 that keeps the Council's reserves at an acceptable level, the Council Tax increase at a minimum, and also allows the Authority the flexibility to deliver key projects.

2.4 The model highlighted a budget gap, which eventually settled at £1.164m. The Executive's proposals for "closing the gap" were issued for consultation to all Councillors in late December (yellow folder). The political groups have also considered the proposals and the Executive has been informed of their comments.

3.0 The General Fund

3.1 The General Fund Revenue Account is the Council's main fund and shows the income and expenditure relating to the provision of services which residents,

visitors and businesses all have access to including Planning, Environmental Services, Car Parks, Leisure Services, certain Housing functions, Community Services and Corporate Services.

- 3.2 The Council makes charges for some of its services that reduce the net cost of providing them. The expenditure that remains is funded by central government via the Revenue Support Grant (RSG-31%), and National Non-Domestic Rates (NNDR-32%). The remainder is primarily funded by the Council Taxpayer (37%).

4.0 Local Government Finance Settlement 2002/03

- 4.1 This is the first year of the new grant system for the distribution of local government funding. In their provisional announcement on 5 December 2002 the Government have allocated £7.066m of grant to Taunton Deane (compared to our actual grant received in 2002/03 of £6.913m).

- 4.2 Further analysis of the settlement papers showed that there was also a proposal to fund the Housing Benefit Administration and Council Tax Benefit Administration grant separately this year (direct from Dept of Works and Pensions (DWP)), and this added another £278k to our total government funding in 2003/04.

- 4.3 The final settlement figures have now been received and the Government's agreed contribution towards our spending requirement has fallen by £27,823 from the draft figures produced in December.

- 4.3 In order to compare this years settlement with last years figures, we need to look at the total picture of Revenue Support Grant (RSG), National Non-Domestic Rates and the HB/CT Administration Grant as follows:-

	2002/03	2003/04	Variance	
	£'000	£'000	£'000	%
Revenue Support Grant (RSG)	2,673	3,458	785	
NNDR Contribution	4,239	3,579	-660	
HB/CT Admin Grant Paid by DWP	224	502	278	
	7,136	7,539	403	5.6%

In total, the Government's contribution towards our spending requirement has risen by £403k (5.6%).

- 4.4 In comparison with the national average, and in particular, our Somerset neighbours, this was a fairly poor result:-

	% Increase	Floor %	Ceiling %
Shire Districts	7.6	3.0	12.5
County Councils	5.7	} 3.5	8.0
Shire Unitaries	6.3		
Metropolitans	7.2		
London Boroughs	5.4		

	2002/03	2003/04	%	£ Per
	£'000	£'000	Increase	Population
Mendip	6,818	7,660	12.36	73.68
Sedgemoor	7,764	8,480	9.23	79.99
South Somerset	10,268	10,584	3.08	70.07
Taunton Deane	7,136	7,540	5.66	73.50
West Somerset	3,344	3,627	8.49	103.39
Somerset CC	257,167	274,081	6.58	549.58

4.4 The tables show that Taunton Deane Borough Council had a below average settlement. One obvious reason why it is significantly lower than our neighbours is the result of a new aspect of the grant allocation formula (resource equalisation concept). This aims to take into account a Councils' ability to raise council tax locally. It looks at the actual council tax level of each authority compared with the national average, and their taxbase compared with the national average. Due to our lower than average Band D Tax, **and** our greater than average proportion of higher banded properties, Taunton Deane have not fared too well on this new aspect of the formula.

4.5 Further detail on our neighbouring authorities Band D tax position is set out in Appendix A.

5.0 Budget Strategy For 2003/04

5.1 As mentioned in the background section of this report, the mission this year has been to present a budget for 2003/04 that keeps the Council's reserves at an acceptable level (to allow flexibility in funding key projects), and the Council Tax increase at a minimum.

5.2 The sound principles of medium term financial planning introduced last year have been continued and built upon this year. The current problems with the capital programme emphasise even more the importance of planning not just for the budget year ahead, but for the years ahead. Not only do we face the challenge of funding Wellsprings, and Silk Mills, but are likely to face significant revenue funding problems in future years due to further increases in the employers pension fund contributions.

5.3 Reserves are significantly higher than this time last year, mainly due to the CSL settlement being released from earmarked reserves. This does offer some flexibility in the budget funding decision but the overriding principle of ensuring the authority's underlying expenditure is not reliant on reserves remains.

5.4 As with earlier years, there is no contingency built into the 2003/04 budget. All requests for new funding must be presented as supplementary estimates from the General Fund Reserve.

6.0 Budget Consultation

6.1 All Councillors have been consulted on the Executives' budget proposals, as in previous years. In addition, two forms of public consultation have been undertaken:-

- Consultation Workshops
- Deane Dispatch

6.2 The results of both exercises are reproduced in full at Appendix B (Deane Dispatch) and Appendix C (Consultation Workshops).

6.3 The results have been considered by the Executive in preparing their budget proposals, and have been extremely useful in trying to target both spending bids and cuts.

7.0 General Fund Budget Proposals 2003/04

7.1 The following section outlines the draft proposals of the Executive. For ease of reference, the table presented in the budget consultation packs (yellow folders Appendix A) has been reproduced below. There have been a few amendments made to their proposals, and these are shown separately at the end of the table. The figures shown below, and the resultant budget gap have assumed a 4.5% council tax increase.

7.2 Executive's Proposals To Close The Budget Gap – Draft

Dir	Exec Cllr	Service	Proposal	Saving £	Remaining Budget Gap £
<u>BUDGET GAP</u>					1,163,519
JJT	PP	R05 Land Charges	Increase Fees & Charges	45,530	1,117,989
JJT	RB	F01 Concessionary Travel	Reduce Postage, Travel, Consultancy Budgets	25,170	1,092,819
JJT	JH	R02 Members Services	Reduce Travel & Subsistence Budget	2,000	1,090,819
JJT	RB	S06 Car Parking	Increase Fees & Charges	50,000	1,040,819
JJT	PP	Central Support	Restructure of Central Services	13,700	1,027,119
JJT	PP	R41 Financial Services	Reduce Training, Printing & Banking Budgets	3,730	1,023,389
JJT	PP	R42 Financial Services	Reduce Postage Budget	3,500	1,019,889

JJT	PP	R77 Central Training	Remove Lease Car Budget	5,090	1,014,799
JJT	PP	R06 Reg. of Electors	Reduce Advertisement & Employee	410	1,014,389
JJT	PP	R05 Legal Services	Charge For s106 Agmts	3,000	1,011,389
JD	MM	C02 Crematorium	Increase Fees & Charges	30,000	981,389
JD	RH	C04 Parks	Plants in Deane House	4,000	977,389
JD	RH	C04 Parks	Reduce Plant Stock in Nursery	16,000	961,389
JD	RH	C04 Parks	Roundabouts – replace floral planting - shrubs	6,000	955,389
AH	CC	C01 Publicity & Tourism	Remove Road side visitor Facilities	3,080	952,309
AH	CC	R45 Valuation Services	Reduce consultancy budget	2,000	950,309
AH	CC	S01 Economic Dev.	Reduce new business directory budget	1,000	949,309
AH	CC	S01 Economic Dev.	Reduce 4 commercial property register	2,000	947,309
AH	CC	S03 Planning Misc	Reduce Env. Schemes	4,000	943,309
PJ	RH	C04 Parks	Reduce Parks Contract Spec	38,000	905,309
PJ	RH	C16 Leisure Dev.	End Funding of Playworker	8,500	896,809
JJT	JH	Corporate	Impact of Draft Local Govt Settlement	326,795	570,014
JJT	RB	S06 Car Parking	VAT on Penalty Charges	10,000	560,014
AMENDMENTS TO BUDGET GAP IN CONSULTATION PACK					
SF	LL	P05 Community Initiative	Reduction in Priority 1 bid for LSP Funding	(5,000)	555,014
JJT	JH	Corporate	Collection Fund Surplus	(50,114)	504,900
JJT	JH	Corporate	Impact of Final Local Govt Settlement	27,823	532,723
PJ	RH	C12 Leisure	Error in Leisure Salaries Estimates	52,460	585,183

7.3 The gap has risen from £560,014 at budget consultation, to £585,183 as shown above.

8.0 General Fund Reserve Position - Options

- 8.1 The 2001/02 Statement of Accounts has now been formally signed off by our auditors and has received an unqualified audit opinion.
- 8.2 A summary of the predicted General Fund Reserve position, prior to the budget setting decision is as follows:-

	£
Opening Balance 1.4.02	2,122,409
Less / Amount Used To Support 2002/03 Budget	83,184
Less/ Amount Earmarked For VAT	70,000
Less / Supplementary Estimates Agreed To Date	747,775
	1,221,450
Add / CSL Earmarked Reserves Released For General Use	350,000
Add/ Refund of NNDR Due To Revaluation Of Assets	229,320
Add/ Quarter 2 Reported Underspend	188,300
Add/ Corporate Priorities Fund Underspends Returned To Reserve	13,737
Predicted Balance Before Budget Setting	2,002,807

- 8.3 The remaining budget gap of £585,183 could be funded by the use of reserves or by amending the council tax level from the 4.5% already included. The following table shows some of the options available:-

% Increase in Ctax	2%	3%	4%	5%	6%	7%	8%	9%	10%
Ctax Amount (£'000)	-102	-61	-20	20	61	102	143	184	225
Reserves (£'000)	687	646	605	565	524	483	442	401	360
	585	585	585	585	585	585	585	585	585
<u>Reserves</u>									
Predicted Balance	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
Use of Reserves	687	646	605	565	524	483	442	401	360
How much is left?	1,316	1,357	1,398	1,438	1,479	1,520	1,561	1,602	1,643

9.0 Review Board Proposal

- 9.1 The Review Board considered the Councils budget position at their meeting on 30th January 2003 and agreed that the Executive should be requested to consider one amendment to their proposed budget.

	Proposal	Saving £	Remaining Budget Gap £
			585,183
Add Back/	Proposal to end funding of playworker (It was recognised that the above post no longer existed, but the Review Board proposed that this funding be reinstated to the budget for use on “childrens play”)	8,500	593,683

10. Proposed General Fund Budget 2003/04

- 10.1 The budget amendment submitted by the Review Board has been fully considered by Executive Councillors, and a sum of £5,000 will be added back to the budget. The Councils’ Inclusion Officer will use this on “Childrens Play” issues.
- 10.2 This increases the budget gap shown in 7.2 from £585,183 to £590,183.
- 10.3 The Executive wishes to present the following proposal to close the remaining budget gap.

	Revenue Generated £’000
Proposed Total Council Tax Increase = 2% (the amount shown opposite is the reduction in income generated by the 4.5% included in the budget estimates presented to the Review Board)	-102
Use of Revenue Reserves	692
Total	590

- 10.4 The following table compares the proposed budget with the original budget for the current year.

	Original Estimate 2002/03 £	Forward Estimate 2003/04 £
Total Spending on Services	15,183,550	14,959,130
Revenue Financing of Capital	73,790	75,910
Asset Management Revenue Account	(3,678,720)	(2,521,593)
Contribution To DLO Reserve	148,190	155,762
Loans Fund Principal	(542,593)	(556,832)
Contribution to Vehicle & Plant Account	73,400	61,777

Interest Income	(231,160)	(219,140)
Contribution From General Fund Balances	(83,184)	(692,499)
AUTHORITY EXPENDITURE	10,943,273	11,262,515

- 10.5 A separate booklet, circulated with the agenda, contains the summarised revenue, capital, and HRA estimates.
- 10.6 Only the priority 1 development bid items have been included in the proposed budget. These have been analysed between recurring and non-recurring items in Appendix D.
- 10.7 Fees and charges have been increased in line with inflation unless shown in the specifically listed in section 7.2 of this report. A summary of the proposals on the major fees and charges areas of the budget is set out in Appendix E. Many of these have already been approved by the relevant Executive Councillor, but are included here for completeness.

11. General Fund Reserve

- 11.1 The impact of this proposal on the Councils reserves, should the current year outturn match the original current year budget prediction, is as follows:-

	£
Predicted Balance Before Budget Setting (see 8.2)	2,002,807
Less / Amount Used To Support 2003/04 Budget	692,499
Predicted Balance at 31 st March 2004	<u>1,310,308</u>

- 11.2 The predicted balance shown above represents 6 weeks worth of Authority Expenditure.
- 11.3 The Authority does have other Reserves and Provisions in place, but they are all earmarked funds, and cannot be used for any other purpose.

12. Adequacy of Reserves

- 12.1 With the existing statutory and regulatory framework, it is the responsibility of the s151 Officer (Financial Services Manager) to advise the Council about the level of reserves that they should hold.
- 12.2 The predicted General Fund Reserve position is set out in section 10.1. A sum of £692,499 is required from this reserve to support spending in 2003/04. This support is being used for one-off items, such as the £500,000 RCCO and £141,757 of priority 1 development bids. The predicted balance on this reserve, having set the 2003/04 budget is £1,310,308.

- 12.3 In order to assess the adequacy of this level of reserve balance, I have reviewed, alongside our medium term financial plan, the strategic, operational, and financial risks facing this Council. The key financial risk areas facing this Council requiring careful attention are listed below:-
- Wellsprings. Our project managers will provide the final cost of completion in the next few weeks, but the outcome of our application for funding from Sport Lottery will not be known until mid April. The budget has been prepared assuming that costs will be in line with the latest estimate, and the funding bid will be successful. Should either change, then the Council will review its holding of reserves and assets.
 - As Members are aware, the budget for bed and breakfast for those declared homeless in TDBC has risen during the last year or so. The 2002/03 budget is predicted to overspend by £90,000. A range of measures have been put in place to try and address the problem, but the current spending pattern is expected to continue and has been built into the 2003/04 budget.
 - Car Park Income has fluctuated over the last two years. This is a significant source of income for this Council and small variations can have a noticeable impact on our bottom line budget position. The 2003/04 budget has been prepared on a prudent basis, assuming that income will be at similar levels to those predicted for the 2002/03 original budget.
 - The regulations for housing benefit are being fundamentally changed for 2003/04. It is difficult to assess the impact of the changes on either the HB subsidy grant or the HB admin grant. The position will be carefully monitored during 2003/04.
 - Silk Mills. For the last two years this Council has contributed significant sums of capital towards this project. It is expected that this Council will contribute further in future years, but at this stage, no further provision has been made in the capital programme. Each year the overall financial position will be reassessed and a decision will be taken on whether or not funding can be made available for this scheme.
- 12.4 In making my recommendation below, I have also considered the assumptions underpinning the 2003/04 budget (eg inflation, provision for capital receipts), and the current financial management arrangements (frequency and robustness of budget monitoring regime).
- 12.5 I have also considered the level of earmarked reserves and provisions (significant balances shown in Appendix F).
- 12.6 The predicted balance on the General Fund Reserve represents 6 weeks worth of authority expenditure, or 11.3% of this Council's budget requirement.
- 12.7 Based on the above, I am pleased to report that I believe the Council's reserves to be adequate and the estimates used in preparing the 2003/04 budget sufficiently robust.

13. Council Tax

- 13.1 The Council Tax calculation and formal tax setting resolution is considered in a separate report on this agenda. The proposed budget for Taunton Deane shown above will result in a Band D Council Tax of £109.51; and increase of £2.15 (2%) on 2002/03.
- 13.2 This represents an increase of only 4 pence per week.
- 13.3 The Band D Taxpayer receives all the services provided by the Borough Council at a cost of £2.11 per week.

14. Taunton Unparished Area

- 14.1 The estimated expenses chargeable to the non-parished area of Taunton in 2003/04 amounts to £25,000 and this forms part of the total net expenditure of the Council. The precept in 2002/03 was particularly low at £7,710 and took advantage of some reserves that had been built up in previous years. This is not an option for 2003/04, but the charge is still considerably lower than that imposed historically.
- 14.2 The special expenses represent costs arising in respect of street / footway lighting and bus shelters.

15. Recommendations

- 15.1 The Executive is asked to recommend to full Council the budget for general fund services for 2003/04 as outlined above. In particular the Executive is requested recommend to full Council to:
- (a) Approve the transfer for any underspend in 2002/03 back to General Fund Reserves.
 - (b) Approve the use of £692,499 from General Fund Reserves to support the 2003/04 budget
 - (c) Approve the development bids outlined in Appendix D.
 - (d) Approve the increases to fees and charges listed in Appendix E.
 - (e) Approve the proposed 2003/04 budget, being Authority Expenditure of £11,262,515, and Special Expenses of £25,000 in accordance with the Local Government Act 1992.
 - (g) Note the predicted General Fund Reserve balance at 31.3.04 of £1,310,308.

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COUNCIL MEETING 25 FEBRUARY 2003

REPORT OF COUNCILLOR HORSLEY – LEADER OF THE EXECUTIVE

Election fever is in the air. I hope however that reason and a sharing of views is not replaced by point scoring and evocative comments. The Liberal Democrats have always prided themselves on their reasoned approach towards policy and decision-making. As a minority administration I believe that we have shared our burden with the council on every item, notwithstanding the new system mitigating against this

1. ASYLUM SEEKERS

The meeting for the members briefing with Clearsprings the private sector company appointed by the Home Office has now been scheduled for 6.00pm on Monday 17 March. This will give members the chance of hearing for themselves the steps that are being taken. Clearsprings enjoy a good reputation with Refugee Action an independent non-government organisation whose volunteers work closely with asylum seekers in Bristol and other parts of the United Kingdom.

There are three things which should guide us in our approach:-

- a) We should support the government's policy of dispersing asylum seekers nationwide. It is right to redistribute the disproportionate burden on services borne by the Home Counties and London.
- b) We should insist that a thorough testing of the availability of resources in local services is undertaken before the number of refugees is determined for Taunton. Asylum seekers deserve the same standards of support as our own disadvantaged households and homeless. We cannot have our own waiting lists increased whether accommodation, health or education by their arrival.
- c) We should, in conjunction with Somerset County Council and Sedgemoor District Council jointly appoint a project manager to handle all our problems to our mutual satisfaction, working in collaboration with all the other stakeholders in the community such as the police, the NHS and with the voluntary sector.

We have an overall responsibility to manage this politically, keeping the lid on emotions and allowing reason and common sense to prevail.

2. WELLSPRINGS CENTRE

The "Due Diligence" report is with you. Let us dwell for a minute on its two main conclusions. Firstly the District Auditor makes clear that the council neither acted improperly or imprudently. Secondly, the District Auditor's letter to the Chief Executive states "...whilst stronger processes in these areas might have resulted in bringing matters to a head earlier, *it is unlikely that the end result would have been different*" (my italics).

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I draw some solace from this. Firstly it illustrates that if there is to be a “blame” culture about what went wrong, it should lie fairly and squarely on the shoulders of the contractor. Fortunately the courts are seeing it that way on the few times we have had adjudication so far. Secondly it means that we can concentrate on getting the project finished.

It is without pride that I say the stakeholders have been let down. We are going to be two years behind delivering the sports centre and it is way over its original budget. The end is in sight and I believe that we will be no further contributions from the tax payer.

That is an achievement in itself and whilst recognising that we have had to use reserves which could have been identified for other projects, the consummate skill in which we have managed the affairs of the council and kept the Council Tax down to 2% is a tribute to years of good financial management by this Executive. I would remind councillors, too, that we will still be claiming strongly against the contractor for non-performance and failure to complete as well as for the rectification work to be undertaken.

What I am proud of is the extraordinary work that has gone on to bring together the proposal that was sent to Sport England on 13 February. To draw in our partners such as the County Council, Ladymead school itself and start the dialogue with Sport England as well as working with our consultants Symonds to get the maximum price identified was real hard work and dedication on the part of our hard-pressed team of officers. The Council will get an early opportunity to discuss the final position once Symonds have received the final tenders on behalf of Bluestone plc our appointed contractor.

3. VISION FOR TAUNTON

I am including the relocation of the livestock market under this heading as we cannot separate it from the redevelopment potential of the Firepool area we are working on with the RDA.

The Executive has agreed to explore further the suitability of Junction 26 as a possible site for a regional agricultural centre. The Council’s costs of this will be minimum as they are likely to be split between the auctioneers and the RDA.

At a time of agricultural decline, and with markets closing nationwide, it was right to explore with Sedgemoor the possibility of merging Taunton and Highbridge livestock markets. That this is unlikely to go ahead means that we must explore elsewhere.

Junction 26 makes a lot of economic sense and can probably be delivered quickly and cost-effectively. It may not have the lure of Junction 24 for ancillary businesses which makes it more likely to be closer to a relocation. There could be an opportunity to attract tourist interests there.

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In the meantime, it frees up the use of Firepool, combining our land with neighbouring Network Rail land to start the regeneration of north Taunton. The Master Plan approved in the budget will enable us to be most flexible in what use we put this land to. We have added the County Cricket Ground and the Coal Orchard site to this study which gives us tremendous scope to put together ideas that will enhance Taunton's role as a regional centre of significance and influence in the future.

The Vision is dynamic. It will influence people's lives for generations to come. We need to seize this chance to drive on the very prosperity that this district has achieved over the past twenty years.

We need infrastructure improvements. We need better public services. We need to protect the environment. We need to care for our people. We need relief from flooding. We need more affordable homes. We need excellent education on hand. We are working in harmony with the private sector to help deliver this. We need to talk Taunton up and aim high.

JEFFERSON HORSLEY

