



AGENDA

A SPECIAL MEETING OF THE **CABINET**

FRIDAY, 10 FEBRUARY 2006

10.30 AM

**COUNCIL CHAMBER, COUNCIL OFFICES, ST PETERS HILL,
GRANTHAM**

Duncan Kerr, Chief Executive

CABINET MEMBERS:

Councillor Mrs. Linda Neal (Leader/ Portfolio: Strategic Partnerships & Community Safety), Councillor Teri Bryant (Portfolio: Resources & Assets), Councillor Ray Auger (Portfolio: Healthy Environment), Councillor Paul Carpenter (Deputy Leader & Portfolio: Access and Engagement), Councillor Mrs Frances Cartwright (Portfolio: Organisational Development & Housing) and Councillor John Smith (Portfolio: Economic)

Cabinet Support Officer:

Lena Shuttlewood tel: 01476 406119
e-mail: l.shuttlewood@southkesteven.gov.uk

Members of the public are entitled to attend the meeting of the Cabinet at which key decisions will be taken on the issues listed on the following page. Key decisions are marked *.

1. **Apologies**
2. **Declarations of Interest (if any)**
3. ***Budget 2006/07**
The Cabinet to consider report CAB5 by the Finance Portfolio holder on the budgetary proposals for revenue 2006/07 and capital for 2006/07 to 2008/2009.
(attached)
4. **Matters Referred to Cabinet by the Council or the Development & Scrutiny Panels**
5. **Items raised by Cabinet Members including reports on Key and Non Key Decisions taken under Delegated Powers.**
6. **Representations Received from Members of the Public on Matters within the Forward Plan (if any)**
7. **Representations received from Non Cabinet Members**
8. **Any other business which the Chairman, by reason of special circumstances, decides is urgent**

REPORT TO CABINET

REPORT OF: FINANCE PORTFOLIO HOLDER – CLLR T BRYANT

REPORT NO. CAB5

DATE: 10 FEBRUARY 2006

TITLE:	BUDGETARY PROPOSALS FOR REVENUE 2006/2007 AND CAPITAL FOR 2006/2007 TO 2008/2009
FORWARD PLAN ITEM:	YES
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	17 OCTOBER 2005
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	POLICY FRAMEWORK PROPOSAL

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	CABINET CORPORATE GOVERNANCE
CORPORATE PRIORITY:	ALL
CRIME AND DISORDER IMPLICATIONS:	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS:	Unless exempt, this report is a public document and available from the Council's website: www.southkesteven.gov.uk
BACKGROUND PAPERS:	FIN254

A. RECOMMENDATIONS

1. To recommend to Council a Council Tax increase of 4.82% for 2006/07 and an overall average increase of 4.9% when including Parishes and Special Expense Areas.
2. To recommend the Budget to the Council at its meeting on 2nd March including the General Fund Revenue Account, Housing Revenue Account and the Capital Programme and Capital Financing Report.
3. To explain any amendments and addendums from the papers, attached to this report, and add the required resolutions for major precepting authorities at the Council meeting on 2nd March.
4. To recommend that all service plans are approved and published on the Council's intranet to underpin the budget sheets.
5. To approve the use of reserves as detailed in the report.
6. To recommend a maximum subsidy per Council Taxpayer for the operation of the Arts Centres.

B. INTRODUCTION

7. The purpose of this report is to lay the foundations in achieving excellence in service delivery through a well resourced budget strategy. The budget report and enclosures cover the following areas:

- Background to Budget Development
- Local Government Settlement 2006/07
- Government Guidance on Council Tax increases 2006/07
- External Financing
- Overall Budget Requirement
- Integration of Service Planning and Budgets
- Investments, Savings and Efficiencies
- Capital Programme and Financing
- Reserves
- Budget Consultation
- Financial Services – Impact of Use of Resources
- Recommendations

C. BACKGROUND TO BUDGET DEVELOPMENT

8. The preparation of the Budget for 2006/07 has been at a time of great change for the Council a) in the way in which services are being delivered and b) which services will receive additional investment and which areas will deliver efficiency and economies. The medium term financial plan has allowed resources to be redirected from non-priority to priority areas. The 2006/07 budget is the second year of investment in the five original priority areas and constitutes the first full year for the 2 new areas – Communications and Affordable Housing.

9. The national backdrop to the budget preparation has focused upon an assessment of how well the council uses its financial resources and achieves Value for Money in Service delivery. This has underpinned all of the detailed work on the budget this year and has been made more relevant with the recent discussions on local government re-organisation of two tier areas and inferences that the “district tier is an expensive luxury”.

10. The integration of Service planning with the Budget coupled with the roll out of a new focused financial management process will help ensure excellent services can be delivered efficiently and effectively.

D. LOCAL GOVERNMENT SETTLEMENT 2006/07

11. The provisional local government settlement was issued in December. The Corporate Director of Finance and Strategic Resources provided a full analysis of the settlement along with the national, regional, and local impacts of the Government decisions on grant in his report FIN254. The key elements of the settlement are outlined below:

- a) 2 year settlement for 2006/07 and 2007/08
- b) Introduction of a new formula grant system - the Four Block System
- c) A headline increase of 4.5% in aggregate External Finance in 2006/07 and 5.0% for 2007/08, (including schools). In 2005/06 the increase was 6.2%.
- d) An increase in Formula grant beyond the Spending review 2004 of £305m in 2006/07 and £508m in 2007/08.
- e) Total increase in Formula grant of 3.1% in 2006/07 and 3.8% in 2007/08
- f) Relief of spending pressures through
 - funding of net cost of new burdens
 - financing cost pressures of pensions rule of 85 rule
 - agreement to work with LGA on managing pressure on pay, waste, adult social care
 - commitment costs of new licensing will be met by national fee regime.
- g) Increase in ring-fenced grant of over 50%-in particular the introduction of ring fenced dedicated schools grant in 2006/07.
- h) New formulae changes for Personal social care and Concessionary fares
- i) Damping arrangements - the floors will be 2% for 2006/07 and 2.7% for 2007/08, for those with Education and social services, 3.2% and 3.7% for police Authorities, **3% and 2.7% for Shire districts**, and 1.5% and 2.7% for fire authorities.
- j) The East Midlands is the major beneficiary of new distribution formula.

12. The level of external financing the Council receives is still the largest influencer of the level of budget the Council is able to set. In recent years we have seen a shift from general grants - monies the authority can spend on the provision of any service to those that are much more service based e.g. Planning delivery grant. There is a further tendency for these specific grants to be outcome and performance based. It is important for service managers to keep noticing in their areas whether any grants are available to support their business plans. These grant streams have been top sliced from the local authority "pot" and South Kesteven should ensure it receives its full entitlement if it can. So for 2006/07 managers will be expected to be aware of the availability of specific grants through the ongoing development of their service plans.

13. South Kesteven District Council will receive formula grant of £9.27m in 2006/07 and has been given an indicative allocation of £9.6m in 2007/08. This is an increase of 3.3% on 2005/06 on a like for like base. The settlement provided for new money for the extension of concessionary travel from half to free fares. This is included in the level of formula grant received and cannot be separately identified.

14. In terms of specific grants the Council will receive £222,000 from planning delivery grant and possibly £300,000 from LABGI (Local Authority Business Growth Initiative). The latter special grant will be paid in February 2006 and a further calculation done for 2006/07. Although its source relates to the Economic growth of the area it can be used to support any Authority expenditure. These types of additional income are important marginal funding sources for the Council and help to avoid excessive increase in council tax. At time of

preparing this report the announcement of LABGI had not been made and no allowance has yet been made in the budget for its receipt.

E. GOVERNMENT GUIDANCE ON COUNCIL TAX INCREASE

15. In keeping with recent years, advice has been received on the level of Council tax rise likely to be acceptable to the government. It is expected that Councils will keep their overall increase to less than 5%. Councils that go above this are likely to be capped. No guidance on capping has been issued but it will be based upon different criteria than last year. The Corporate Director of Finance and Strategic Resources, the Councils Responsible Finance Officer (RFO), has advised the cabinet of the cost of re-billing, estimated at £60000, and in his opinion it is possible to set a robust and sustainable budget without breaking the 5% ceiling. In preparing the budget the Cabinet has taken account of the RFOs advice.

16. Given the low base of Council Tax the authority begins from, it is a difficult juggling act to ensure the budget requirement including parish precepts and special expense areas does not create an overall increase greater than 5%. In the budget development work, letters were sent to all parishes asking them to consider carefully their precepts for 2006/07 and expenditure on SEAs will be carefully monitored.

F. EXTERNAL FINANCING

17. The table below summarises the external support from the Government for 2006/07. It illustrates the change to the four block system and compares the level of grant on a like for like basis.

Description	2006/07	2007/08
Relative needs Amount	£3.216m	£3.266m
Relative Resource Amount	(£2.213m)	(£2.410m)
Central Allocation	£8.300m	£8.837m
Floor Damping	(£0.0308m)	(£0.065m)
Formula Grant	£9.272m	£9.626m
Formula grant after Amending reports	£9.326m	
FG- RSG	£1.500m	
FG-NNDR	£7.7725m	
Amending grant	£0.0054m	
Adjusted Grant 2005/06	£8.974m	£9.272m
Grant Received 2005/06	£8.368m	
Increase in Formula grant on Adjusted 2005/06	3.3%	3.7%
Increase including amending reports	3.9%	
Increase on cash base- assume no additional functions	10%	

18. Overall the settlement has been good for Districts in the East Midlands although South Kesteven's increase is relatively the second lowest in Lincolnshire, with only Lincoln City receiving a lower increase. This again puts pressure on the Council in delivering quality services without receiving the additional resources other Councils get.

G. INTEREST RATES AND RETAIL PRICE INDEX

19. Interest rates have changed over the last 12 months. The base rate has fallen by .25% over the last 12 months and is now 4.5%. This is bad news for the Council when it is a net investor although the budget proposals for 2006/07 envisage some borrowing in support of the capital programme at a time when low base rates will be helpful. The General Fund continues to be supported by interest receipts helping to reduce the burden on taxpayers of the revenue spend.

20. The Retail Price Index (RPI) is often referred to by those on fixed incomes eg pensioners and those who receive inflationary awards only, to question higher than RPI increases in Council Tax. It should be remembered the Council's cost base does not necessarily reflect the base used within the calculation of the RPI and given the complexities of the Local Government Finance System it is not surprising that an increase greater than RPI needs to be made. It is important to continue to signpost the availability of Council Tax Benefit to those who may qualify for support.

H. INTEREST RECEIPTS AND PAYMENTS

21. The Council has become increasingly reliant on the level of receipts it receives from its investment portfolio. These accrue because the level of reserves held by the Council have not reduced in recent years. The budget proposals for 2006/07 see a significant reduction in the General Fund reserves position as a significant capital programme kicks in.

22. The budget will require close monitoring to make sure the balance between bringing cash back from our investments is timed to meet payments out to the projects. It may be necessary to replace £500,000 of debt on maturity during 2006/07 and possibly borrow a further £2m. This will be the first full use of the Prudential Code for borrowing. It is likely the "borrowing" will be against the Council's reserves and effectively be managed by bringing back cash investments. The Corporate Director of Finance and Strategic Resources will use advice from Butlers, the Council's Treasury Management advisors to plan these changes for optimum benefit of the Council.

I. BUDGET AND SERVICE PLAN PROCESS

23. The budget has been developed in a significantly different way this year. A full integration of service planning and budgets has taken place. The use of technology has been optimized by using the intranet and servers to give remote access to detailed budget planning for members and officers. The opportunity to be involved with the process has never been greater.

24. The introduction of gateway reviews for each Service Plan has allowed full consideration of all issues, including a risk assessment and action planning process. Each Service plan has a balanced scorecard attached which can be a useful summary for a Value for Money approach.

25. By ensuring managers developed their own budgets, a major transfer of ownership is underway and this will need to be underpinned by training and support. This is being developed through the implementation of the new Financial Management System. Thus the integration of Service and Budget planning is the first step of an ongoing process to deliver excellent financial management within excellent Service provision. The bringing together of Capital and revenue spending plans allows full consideration of investment decisions to be considered at the appropriate time rather than in isolation.

26. During 2006/07 the gateway review of Service plans will begin much earlier in the financial year and be used to monitor Financial and Service outcomes, thus allowing flexibility in resourcing decisions through the year if required.

J. BUDGET CONSULTATION

27. Budget consultation has been undertaken through the following ways:

- a) through discussion at Local Area Assembly (LAA) meetings at Grantham, Stamford and Bourne. Members of the public were given the opportunity to comment on the overall budget proposals for 2006/2007 alongside LAA members.
- b) through SK Today - a 3 page Value for Money article supported by a questionnaire with various options on budget proposals given.
- c) through a joint Budget Consultation with the Lincolnshire County Council and the Police Authority.
- d) in the Budget working group run by the resources DSP.

28. The conclusions of the public meetings and the resources DSP supported the budget proposals of an average 5% increase. There was overall a good appreciation of the issues impacting on the Council and the investment and saving agenda that needed to be pursued. The postal and internet survey from the SK Today article was not statistically sound. The proportion of respondents was weighted heavily to the older age groups and perhaps not surprisingly did not support a rise in Council Tax. In considering the impact of the increase, those on fixed incomes often request an RPI increase in line with pension increases etc. The Council's cost base does not reflect the RPI base and therefore rises in Council Tax may move ahead of the RPI.

K. BUDGET REQUIREMENT AND USE OF RESERVES 2006/07

29. The budget requirement for 2006/07 will be £14.4m including the Special Expense Areas and £13.9m with them excluded. This will give a resultant Council Tax rise of 4.82% excluding Special Expense areas and 4.9% for the District as a whole. The budget summary sheet at Appendix 1 shows the overall position for projected outturn 2005/06, 2006/07 base and 2007/08 indicative. Some key statistics are shown below:

- Overall budget requirement +8.7% on 2005/06
- Budgeted spend at Service level +2.5% on 2005/06 original to revised
- Budgeted spend at Service level +10.4% up 2006/07 compared to 2005/06
- Interest receipts higher than originally Budgeted - £500,000
- Specific Reserves used sensibly over the period of Budget
- Efficiency savings of £250,000 per annum
- Economy savings of £100,000

The tables below show the increases at DSP level.

Revised Budget Changes Outturn to Original 05/06

Service	% Increase
Capacity and Resources Development and Scrutiny Panel	
Communications and Engagement Development and Scrutiny Panel	8.7
Community Development and Scrutiny Panel	3.5
Economic and Cultural Development and Scrutiny Panel	5.7
Healthy Environment Development and Scrutiny Panel	
Special Expense Areas	5.4

Budget Change Base 06/07 to Original 05/06

Service	% Increase
Capacity and Resources Development and Scrutiny Panel	7.0
Communications and Engagement Development and Scrutiny Panel	42.0
Community Development and Scrutiny Panel	43.5
Economic and Cultural Development and Scrutiny Panel	9.0
Healthy Environment Development and Scrutiny Panel	1.3
Special Expense Areas	7.3

The table below shows the overall change in budget requirement and level of council tax.

% Increase 06/07 over 05/06

	Call on Collection Fund	Council Tax Increase
SKDC	5.80	4.82
SKDC + Special Expense Areas (SEA)	5.60	4.62
SKDC + SEA + Parishes	5.97	4.99

30. It has been necessary to review the level and purpose of reserves held. These were considered in the report by the Director of Finance and Strategic resources in FIN254. The budget summary shows a planned use of the Capacity and Priority setting reserve of £500000 in 2006/07 and further use will take place in 2007/08. In addition the General Fund Capital reserve will be used for financing the Capital programme over the next year with a resultant fall in interest receipts. Finally the minimum revenue provision reserve has been allocated to the Capital Financing Requirement Reserve in accordance with the audit requirements of "Adjustment A" linking the requirements of the prudential Code with the Local Government and Housing Act 1989.

31. The General Fund working balances will be maintained at their current level for 2006/07. They will be monitored closely during the year to ensure they are adequate. The statement of balances is at Appendix 4.

L. BUDGETS AT SERVICE LEVEL

32. Appendix 1, pages 3-8, show the detail of the budget at Service level. Overall they bring together all of the investment and Savings targets at service level. All members have had the opportunity to review these figures through the development of Service plans. All service plans have been targeted to achieve efficiency savings in accordance with the Gershon targets. Through the devolvement of budgets to Service Plan level we will be better placed to achieve them.

33. Through the introduction of the new ledger system, a suite of reports will be developed to allow full monitoring of the budget during 2006/07. This will be available to all members with particular reports being created to give the necessary information.

The table below shows some budget highlights at Service level.

Capacity and Resources	<ul style="list-style-type: none"> ▪ Access programme up - Investments. ▪ Impact of Business Rate Relief – savings £90,000 per annum.
Communications	<ul style="list-style-type: none"> ▪ Public Relations and Communication – Investment

	<ul style="list-style-type: none"> Supported Travel – Investment
Community	<ul style="list-style-type: none"> Community Safety – Investment Housing Solutions – Investment
Economic and Cultural	<ul style="list-style-type: none"> Car Park Income Economic Development increase – Investment
Healthy Environment	<ul style="list-style-type: none"> Waste and Street Scene – Investment

M. HOUSING REVENUE ACCOUNT

34. The Housing Revenue Accounts budget has been prepared by the Interim Director of Tenancy Services. The Housing Revenue Account is at Appendix 2. It has gone through the same gateway review process as the other Service plans. In preparation for delivering on a 2 star service all of the tenancy services staff have been brought together and this has resulted in changes to the way in which support services have been allocated to the housing revenue account.

35. The Housing Revenue Account reflects the agreed increases in dwelling and garage rents and service charges.

N. CAPITAL PROGRAMME 2005/06 TO 2007/08

36. The Council's capital programme is enclosed at Appendix 3. This highlights the investment being made in Town Centres and Waste Management in 2006/07. The level of the programme at over £8m is the highest seen for a number of years and this shows the investment being directly made into the priority Services. Careful monitoring of the Capital projects will be required to minimize the impact of gap funding between building new assets and receiving the receipts from the sale of others.

37. During 2006/07 a full review of surplus and miscellaneous assets will take place to try and relieve some of the financing issues of 2007/08 and beyond. It would be unadvisable to commit to further significant capital projects until the outcome of the Stock Ballot is known.

O. USE OF RESOURCES - AIMING FOR EXCELLENCE

38. Financial management underpins the provision of services. In order to be assessed as excellent, a level 3 score is required in the Use of Resources assessment. This will be a tough goal given the current capacity within Financial Services. It is classed only as a Y service at the moment. It is proposed to consider reclassifying the Service as a B priority and amend the ranking of Council Tax Collection from a B to a Y to maintain the overall balance of Ys to Bs. The Corporate Director of Finance and Strategic Resources prepared a report FIN256 which outlined the 'Harder Test' the Council will be required to undertake, and this will underpin its ambitions.

38. Budget provision has been made to allow this investment to take place, providing the Council approves the re-designation of the Service.

P. CONCLUSION

40. This budget report continues the re-allocation of resources to the Council's priorities. I would like to take this opportunity to thank all members, officers and partners, and stakeholders for their contribution to the Budget development for 2006/2007.

ATTACHMENTS TO REPORT

Attachment 1	Statement by Responsible Financial Officer
Attachment 2	Prudential Indicators 2006/2007 – Capital Finance Report
Attachment 3	Appendix 1 – General Fund Summary 2006/2007 Appendix 1, pages 3-8 – DSP Summary Sheets 2006/2007 Appendix 2 – Housing Revenue Account 2006/2007 Appendix 3 – Capital Programme 2005/2006 to 2008/2009 Appendix 4 - Reserves

BUDGET 2006/07

STATEMENT BY RESPONSIBLE FINANCIAL OFFICER

1. The purpose of this statement is to comply with the Local Government Act 2003. In presenting the budget to the Council the Executive must take account of the advice of the Director of Finance and Strategic Resources in relation to the robustness and adequacy of the budget and resources.
2. For 2006/07 I can advise the Council that the budget presented to the Council is robust in its formulation and the level of reserves adequate for the organisation.

RISKS TO THE BUDGET

3. In formulating my opinion the following risks and factors have been taken into account.
 - i. The Government will cap the level of increase for Local Authorities. The Government does have reserve capping powers and has used them in recent years. No criteria has been issued for 2006/07, but letters from the Local Government Minister indicate an expectation that Council Tax increases will be kept below 5%.

South Kesteven is a low taxing Council being in the bottom 30 in the Country. The proposed increase of 4.9% at Band D will be in line with the Government target. Given no Government guidance on capping any resultant impact from capping measures would need to be found from balances. The cost of re-billing if capping did occur would be £60,000.
 - ii. The estimates assume that efficiency savings of £250,000 will be found during 2006/07. These have been built into individual service plans. Careful monitoring will be required to ensure the savings are forthcoming.
 - iii. The Capital programme for 2006/07 is significantly higher than in previous years. It will be necessary to actively review levels of capital receipts to ensure reliance on borrowing is minimised. The Council's capital reserves will be fully utilized in delivering this programme. This will mean less interest receipts will be available to the General Fund to support revenue expenditure. Given the constraints on the level of Council Tax increase that can be sustained I have advised the Executive not to enter into any further significant capital schemes until the outcome of the stock ballot is known.
 - iv. The Housing Revenue Account has been prepared on the basis of the 30 year business model. Work will continue on actively assessing the expenditure and income requirements of the HRA in line with the stock option process.
 - v. The General Fund Revenue Account will need to be closely monitored to ensure any diseconomies of scale arising from stock transfer are fully assessed.

- vi. The recent court judgement on the treatment of VAT on car parking income will be closely monitored for future years Council Tax assessment.

J Blair

Corporate Director of Finance and Strategic Resources

SUMMARY OF GENERAL FUND ESTIMATES**APPENDIX 1**

	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
Capacity and Resources Development and Scrutiny Panel				
- Services	2,765	2,619	2,959	2,870
- Under/(over) allocation of Support Services	-	12	362	260
Communications and Engagement Development and Scrutiny Panel	1,552	1,687	2,203	2,253
Community Development and Scrutiny Panel	1,565	2,120	2,246	2,230
Economic and Cultural Development Development and Scrutiny Panel	1,227	1,297	1,338	1,067
Healthy Environment Development and Scrutiny Panel	8,775	8,621	8,971	9,158
Special Expense Areas	626	660	672	684
Gershon Efficiency Savings/Future Efficiencies	(200)	-	(250)	(250)
Capacity Building, Priority Setting and Service Improvements	250	-	-	-
<u>TOTAL SERVICE COSTS</u>	16,560	17,016	18,501	18,272
Surplus - Direct Works Organisation	(30)	-	-	-
Interest and Investment Income	(500)	(1,000)	(800)	(700)
Asset Management Revenue Account	(1,317)	(1,066)	(1,154)	(1,237)
Pension Interest Cost and Expected Return on Pension Assets	-	281	200	200
Transfer to Capital Financing Account	(1,300)	(1,208)	(1,284)	(1,506)
Financing of Capital Expenditure	2,409	1,284	3,373	-
Movement on Reserves				
- Pension Reserve	-	(331)	(250)	(250)
- Decrease in Specific Reserves	(2,530)	(1,349)	(3,438)	-
- Increase in General Fund Working Balance	-	(335)	(693)	313
<u>BUDGET REQUIREMENT - GENERAL FUND</u>	13,292	13,292	14,455	15,092
Revenue Support Grant	(4,712)	(4,712)	(9,272)	(9,626)
Non Domestic Rate Income	(3,656)	(3,656)	-	-
Council Tax Collection Fund Surplus	(53)	(53)	(39)	-
<u>DISTRICT NET EXPENDITURE</u>	4,871	4,871	5,144	5,466
SKDC Budget Requirement	4,374	4,374	4,628	4,917
Bourne Special Expense Area	18	18	20	21
Deepings Special Expense Area	11	11	11	12
Grantham Special Expense Area	333	333	350	372
Langtoft Special Expense Area	15	15	9	10
Stamford Special Expense Area	120	120	126	134
Parish Precepts	873	873	943	970
<u>GENERAL FUND EXPENDITURE/CALL ON COLLECTION FUND</u>	5,744	5,744	6,087	6,436

SUMMARY OF GENERAL FUND ESTIMATES**APPENDIX 1**

	2005/2006 Estimate Base	2005/2006 Projected Outturn	2006/2007 Estimate Base	2007/2008 Indicative Base
Band D Properties on which charges are based	43,396.2	43,396.2	43,803.0	44,240.0
Relating to Special Expense Areas				
Bourne Special Expense Area Charge	4,133.1	4,133.1	4,274.9	4,318.0
Deepings Special Expense Area Charge	4,315.1	4,315.1	4,315.3	4,358.0
Grantham Special Expense Area Charge	10,333.9	10,333.9	10,349.0	10,452.0
Langtoft Special Expense Area Charge	724.2	724.2	737.5	745.0
Stamford Special Expense Area Charge	6,726.2	6,726.2	6,755.2	6,823.0
<u>BAND D CHARGES</u>				
South Kesteven District Council Charge	£100.80	£100.80	£105.66	£111.15
Bourne Special Expense Area Charge	£4.32	£4.32	£4.50	£4.68
Deepings Special Expense Area Charge	£2.52	£2.52	£2.61	£2.70
Grantham Special Expense Area Charge	£32.22	£32.22	£33.75	£35.37
Langtoft Special Expense Area Charge	£20.79	£20.79	£12.15	£12.78
Stamford Special Expense Area Charge	£17.82	£17.82	£18.63	£19.53
Average Parish Band D Charge	£20.12	£20.12	£21.53	£21.93

CAPACITY AND RESOURCES
DEVELOPMENT AND SCRUTINY PANEL

REVENUE ESTIMATES

SUMMARY OF SERVICE HEADS

	Detail	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
1	Access Programme	521	542	705	585
2	Corporate Costs	563	725	967	970
3	Council Tax Collection and Benefits Administration	1,205	1,149	1,188	1,230
4	Non Domestic Rate Collection	25	49	(56)	(69)
5	Pension Costs	265	65	65	65
6	Welland Partnership	186	89	90	89
7	NET GENERAL FUND CHARGE	2,765	2,619	2,959	2,870

**COMMUNICATIONS AND ENGAGEMENT
DEVELOPMENT AND SCRUTINY PANEL**

REVENUE ESTIMATES

SUMMARY OF SERVICE HEADS

	Detail	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
1	Bus Stations	95	108	85	84
2	Cycle Centre and Cycleways	44	20	18	13
3	Democratic Representation	715	740	863	845
4	Elections	22	53	35	118
5	Public Relations and Communications	121	146	299	333
6	Registration of Electors	116	103	125	132
7	Supported Travel	439	517	778	728
8	NET GENERAL FUND CHARGE	1,552	1,687	2,203	2,253

COMMUNITY
DEVELOPMENT AND SCRUTINY PANEL

REVENUE ESTIMATES

SUMMARY OF SERVICE HEADS

	Detail	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
1	Awarded Watercourses and Sewer Dykes	116	123	112	113
2	Building Control	54	88	135	159
3	Closed Circuit Television	362	373	395	399
4	Community Safety	114	91	198	145
5	Emergency Planning	23	63	77	81
6	Footway Lighting	164	164	168	173
7	Grants to Voluntary Associations	66	66	66	66
8	Gypsy Caravan Site	-	(2)	-	1
9	Helpline	86	127	94	83
10	Historic Building Grants and Enhancements	-	-	-	-
11	Housing Solutions	436	795	652	667
12	Licensing	68	152	264	271
13	Loans - Private	5	7	8	(1)
14	Street Naming and Numbering	71	73	77	73
15	NET GENERAL FUND CHARGE	1,565	2,120	2,246	2,230

ECONOMIC AND CULTURAL DEVELOPMENT
DEVELOPMENT AND SCRUTINY PANEL

REVENUE ESTIMATES

SUMMARY OF SERVICE HEADS

	Detail	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
1	Car Parks	(521)	(421)	(632)	(719)
2	Community Development	155	120	160	158
3	Conservation	153	55	57	59
4	Development Control	234	54	122	150
5	Economic Regeneration and Town Centre Development	723	798	944	891
6	Industrial Estates	(228)	(228)	(219)	(232)
7	Land Charges	(103)	(63)	(69)	(69)
8	Markets	13	33	22	33
9	Miscellaneous Property	220	286	116	119
10	Planning Policy	266	365	455	432
11	Public Conveniences	230	218	298	175
12	Street Furniture	22	24	24	24
13	Tourist Information Centres	63	56	49	46
14	NET GENERAL FUND CHARGE	1,227	1,297	1,327	1,067

HEALTHY ENVIRONMENT
DEVELOPMENT AND SCRUTINY PANEL

REVENUE ESTIMATES

SUMMARY OF SERVICE HEADS

	Detail	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
1	Abandoned Vehicles	20	14	21	53
2	Arts Development and Arts Centres	1,057	1,207	1,090	1,060
3	Closed Burial Grounds	55	55	58	59
4	Commercial and Environment	671	619	710	759
5	Community Activities	160	139	141	139
6	Control of Dogs	42	43	53	58
7	Corn Exchange, Bourne	179	163	173	164
8	Drainage Rates	508	508	534	561
9	Fairs	(1)	(2)	(11)	1
10	Grass Cutting - Verges	26	31	65	68
11	Leisure Centres and Stadium	2,348	2,234	2,289	2,242
12	Leisure Grants and Loans	76	58	47	35
13	Leisure Premises	(18)	(16)	(16)	(18)
14	Night Soil, Private Sewers and Itinerant Travellers Control	3	11	11	11
15	Pest Control	-	118	1	1
16	Play Areas and Open Spaces	251	245	247	233
17	Street Scene	847	911	968	987
18	Waste Management	2,551	2,284	2,593	2,745
19	NET GENERAL FUND CHARGE	8,775	8,622	8,974	9,158

SPECIAL EXPENSE AREAS

REVENUE ESTIMATES

SUMMARY OF SERVICE HEADS

	Detail	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
1	Bourne Special Expense Area	23	24	26	26
2	Deepings Special Expense Area	11	11	11	11
3	Grantham Special Expense Area	372	374	397	406
4	Langtoft Special Expense Area	37	38	34	34
5	Stamford Special Expense Area	183	213	204	207
6	NET GENERAL FUND CHARGE	626	660	672	684
7	Expenditure Financed by South Kesteven District Council	-	-	-	-
8	Required Savings	(6)	(40)	(36)	(17)
9	Capital Charges Adjustment	(123)	(123)	(120)	(118)
10	CHARGED TO SPECIAL EXPENSE AREAS	497	497	516	549

SERVICE DESCRIPTION

Special Expense Areas are used to budget for non strategic services provided for a particular local community as opposed to the whole District. The resulting Special Expense Area charge is levied on only those people living in the relevant parish.

Capital charges are eliminated from the levies in accordance with standard accounting practice.

The increase in the levy from the Special Expense Areas is limited to that agreed for South Kesteven's Council Tax increase. To achieve this target, savings must be found in 2005/2006.

COMMUNITY
DEVELOPMENT AND SCRUTINY PANEL

APPENDIX 2

HOUSING REVENUE ACCOUNT

SUMMARY

	Detail	2005/2006 Estimate Base £'000	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Indicative Base £'000
	INCOME				
1	Dwelling Rents	16,218	16,410	16,900	17,500
2	Non Dwelling Rents	265	257	263	274
3	Charges for Services and Facilities	1,365	1,410	1,382	1,358
4	Other Income	100	101	101	101
5	TOTAL INCOME	17,948	18,178	18,646	19,233
	EXPENDITURE				
6	Repair and Maintenance	4,639	4,686	5,091	4,960
7	Supervision and Management - General	2,678	2,726	2,867	2,839
8	Supervision and Management - Special	1,983	1,948	2,028	1,977
9	Contribution to Housing Subsidy Pool	4,352	4,504	4,844	4,906
10	Capital Charges - Interest	11,388	13,052	12,862	9,100
11	Capital Charges - Depreciation on HRA Assets	4,722	5,441	5,441	5,441
12	Capital Charges - Debt Management Expenses	12	6	6	6
13	TOTAL EXPENDITURE	29,774	32,363	33,139	29,229
14	NET COST OF SERVICES	11,826	14,185	14,493	9,996
15	Capital Charges - Interest	(11,388)	(13,052)	(12,862)	(9,100)
16	Loan Charges - Interest	203	203	213	254
17	Interest Receivable	(527)	(527)	(560)	(592)
18	NET OPERATING EXPENDITURE	114	809	1,284	558
	APPROPRIATIONS				
19	Capital Expenditure financed from Revenue	-	-	-	-
20	Transfer from Major Repairs Reserve	(1,370)	(2,089)	(1,978)	(1,941)
21	Transfer from Capital Reserve	-	-	-	-
22	Surplus for Year	(1,256)	(1,280)	(694)	(1,383)
	FUND BALANCE				
23	Balance at Beginning of Year	4,868	4,478	5,758	6,452
24	Surplus for Year	1,256	1,280	694	1,383
25	Balance at End of Year	6,124	5,758	6,452	7,835

CAPITAL PROGRAMME**APPENDIX 3****SUMMARY AND FINANCING STATEMENT**

	Description	2004/2005 Projected Outturn £'000	2005/2006 Estimate Base £'000	2006/2007 Estimate Base £'000	2007/2008 Estimate Base £'000
	<u>HOUSING INVESTMENT PROGRAMME</u>				
	<u>HOUSING REVENUE ACCOUNT</u>				
1	Stock Improvements	4,370	4,987	5,990	5,853
2	Demolitions	32	30	30	-
3	Plant and Equipment	50	-	-	-
4	TOTAL - HOUSING REVENUE ACCOUNT	4,452	5,017	6,020	5,853
	<u>HOUSING GENERAL FUND</u>				
5	Renovation Grants	300	350	350	350
6	TOTAL - HOUSING GENERAL FUND	300	350	350	350
	<u>OTHER SERVICES</u>				
7	Community DSP	131	360	110	-
8	Economic DSP	1,075	3,900	1,500	1,000
9	Engagement DSP	571	720	-	-
10	Healthy Environment	290	2,700	-	-
11	Resources DSP	58	560	560	-
12	TOTAL - OTHER SERVICES	2,125	8,240	2,170	1,000
13	TOTAL - CAPITAL PROGRAMME	6,877	13,607	8,540	7,203
	<u>FINANCED BY:</u>				
14	Borrowing and Credit Arrangements	779	2,967	2,970	1,000
15	Capital Receipts	270	2,700	-	-
16	Capital Grants and Contributions	721	150	150	150
17	Direct Revenue Financing/Major Repairs Reserve	5,107	7,790	5,420	6,053
18	TOTAL - CAPITAL PROGRAMME	6,877	13,607	8,540	7,203

CAPITAL PROGRAMME

HOUSING INVESTMENT PROGRAMME

	Description	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Estimate Base £'000	2008/2009 Estimate Base £'000
	<u>HOUSING REVENUE ACCOUNT</u>				
	<u>Stock Improvements</u>				
	Non Traditional Construction Dwellings:				
1	44 Cornish Units - Grantham	25	-	-	-
2	Cornish/Easiforms	900	870	-	-
3	Upgrading Sheltered Housing Scheme	-	310	355	100
4	Structural Repairs	115	230	150	160
	Energy Efficiency Initiatives:				
5	PVC-u Doors	1,131	250	-	-
6	Windows	140	226	237	245
7	Central Heating	142	290	297	306
8	Heating and Ventilation	-	230	238	245
	Refurbishment and Improvement:				
9	Miscellaneous Residual Properties	92	133	136	140
10	Re-roofing	287	520	534	550
11	Re-wiring	326	197	202	208
12	Kitchen Refurbishments	979	1,130	2,220	2,286
13	Bathroom Refurbishments	-	216	1,231	1,263
14	Communal Doors	181	185	190	150
15	Disabled Adaptations	52	200	200	200
		4,370	4,987	5,990	5,853
	<u>Demolition Works</u>				
16	Garages	32	30	30	-
	<u>Plant and Equipment</u>				
17	Tunstall Telecommunications System	50	-	-	-
	<u>HOUSING - GENERAL FUND</u>				
18	Renovation Grants	300	350	350	350
19	TOTAL - HOUSING INVESTMENT PROGRAMME	4,752	5,367	6,370	6,203

CAPITAL PROGRAMME

OTHER SERVICES

	Description	2005/2006 Projected Outturn £'000	2006/2007 Estimate Base £'000	2007/2008 Estimate Base £'000	2008/2009 Estimate Base £'000
	COMMUNITY DSP				
1	Anti Social Behaviour - CCTV Cameras	25	-	-	-
2	Grant-Aire Road, Grantham				
	Purchase of Vehicles	-	250	-	-
3	Care Services	26	30	30	-
4	Housing Maintenance	80	80	80	-
		131	360	110	-
	ECONOMIC DSP				
	Town Centre Development				
5	Town Centre Projects-Provision	-	-	1,000	1,000
6	Purchase of Land, St Catherines Road, Grantham	350	-	-	-
7	Demolition of East Street	400	-	-	-
	Public Conveniences				
8	Abbey Gardens, Grantham	-	200	-	-
	Car Parking				
9	Wharf Road, Stamford	30	500	-	-
10	Wharf Road, Grantham	215	-	-	-
11	Welham Street Multi Storey, Grantham	60	2,690	-	-
12	Town Centre Parking-Provision	-	-	500	-
	Capital Grant				
13	Stamford Gateway	-	350	-	-
14	Christchurch Centre, Stamford	20	-	-	-
15	Economic Grant	-	160	-	-
		1,075	3,900	1,500	1,000
	ENGAGEMENT DSP				
16	Access to Services	571	720	-	-
		571	720	-	-
	HEALTHY ENVIRONMENT DSP				
17	South Kesteven Sports Stadium-Improvements	140	-	-	-
18	Leisure Centres-IT Provision	100	-	-	-
	Waste Management				
19	Refuse Freighter Conversion	40	-	-	-
20	Alexandra Road Depot-Car Parking	10			
21	Wheelie Bin Procurement and Freighter Enhancements	-	2,700	-	-
		290	2,700	-	-
	RESOURCES DSP				
22	Provision for Existing Assets	-	500	500	-
23	Purchase of Pool Vehicles	58	60	60	-
		58	560	560	-
24	TOTAL - OTHER SERVICES	2,125	8,240	2,170	1,000

SUMMARY OF GENERAL FUND ESTIMATES**APPENDIX 4**

	Balance as at 1 April 2005 £'000	Movement in year 2005/2006 £'000	Balance as at 31 March 2006 £'000	Movement in year 2006/2007 £'000	Balance as at 31 March 2007 £'000
Capital Reserves					
Major Repairs Reserve	9,025	(423)	8,602	(1,017)	7,585
General Fund	4,657	(1,284)	3,373	(3,373)	-
	13,682	(1,707)	11,975	(4,390)	7,585
Revenue Reserves					
Insurance Reserve	936	0	936	0	936
Future Minimum Revenue Provision	1,210	-	1,210	-	1,210
Pensions Reserve - Former Employees	372	(65)	307	(65)	242
- Current Employees	1,616	0	1,616	0	1,616
Building Control	319	0	319	0	319
Stock Option Ballot Reserve	1,000	0	1,000	0	1,000
Capacity Building, Priority Setting and Service Improvements	1,300	0	1,300	0	1,300
	6,753	(65)	6,688	(65)	6,623
Revenue Balances					
Housing Revenue Account	4,478	0	4,478	0	4,478
General Fund	3,097	(335)	2,762	(693)	2,069
	7,575	(335)	7,240	(693)	6,547
Total Reserves	28,010	(2,107)	25,903	(5,148)	20,755