

BUDGET STRATEGY

1 SUMMARY

1.1 To consider the draft Budget Strategy for 2004/05 – 2008/9.

1.2 **It should be noted that at the time of writing this report the Authority has not received all the information and therefore it is based on an estimated position.**

2 BACKGROUND

2.1 The Budget Strategy brings together all financial planning for the Authority in respect of:-

- The General Fund
- Council Tax Policy
- The Housing Revenue Account
- The Capital Programme
- Fees and Charges

2.2 The adopted strategy must blend all issues including resource availability and demand for services, to form a balanced approach to deliver the six corporate objectives.

- To provide quality cost-effective services
- To work towards a safer and more caring community
- To promote a green and sustainable environment
- To encourage a thriving local economy
- To improve the quality of life for people in our District
- To maintain and enhance local heritage and culture

2.3 More specifically, the Council has set its own objectives within the Corporate Plan and Best Value Performance Plan. These are shown below based on the plan published in June 2003.

2.4 It can be seen from the column marked 'Comments' how these issues have been dealt with within this report.

No	Item	Comments
1.	Maintain a balanced budget position	Delivered through the overall budget strategy
2.	Complete our initial Comprehensive	Mainly officer time and

	Performance Assessment of the Authority by October 2003	consultation costs. Provided within core estimates
3.	Continue with Best Value Reviews	As above
4.	Continue to develop the Council's website to provide information relevant to customers in the District	Part funded through specific Government grant, shown in the capital programme and part from core revenue estimates
5.	Further improve our customer interface	Mainly funded through specific Government grant shown in the capital programme. The revenue implications are part of the budget strategy
6.	Meet our Public Service Agreement targets	All included within core estimates. Some costs met from Planning Delivery Grant
7.	Improve our refuse collection in respect of 'missed bins' collection	Specific issue covered within this strategy
8.	Determine the way forward following our review of Council accommodation	Short term issues covered in this strategy
9.	Work towards securing 'Investor in People' status for the whole Council over the next 12 months	Included in core estimates
10.	Work towards meeting our obligations under the Freedom of Information Act	Specific issue covered in this strategy
11.	Develop electronic purchasing within the Authority	Included in core estimates. However new requirements for e-procurement may require the Authority to join the Essex Procurement Agency (£8,000) probably for 2003/04. This is currently not included within this strategy.
12.	Continue to monitor progress and implement as appropriate the actions arising out of the Crime and Disorder Reduction Strategy for the District (2002/2005)	Staff resources in core budget. Continuation with contribution to Crime and Disorder reserve. Grant funding for additional

		projects being received from Government.
13.	Address the needs of the elderly and frail elderly	Hardwick House proposals waiting Government funding. 2004/05 proposals dealt with in this budget strategy.
14.	Develop the Council's health and safety and food safety inspection regimes	Included in core estimates
15.	Reduce the turnaround times associated with Council housing voids	Included in core estimates however may be affected by strategy proposals around the funding of the housing option appraisal. A report will be submitted shortly relating to the void property strategy.
16.	Develop alternatives to the use of bed-and-breakfast accommodation for the homeless	Limited capital funding only within this strategy. Some additional staff resources included within the revenue proposals
17.	Develop a strategy to bring empty houses back into use	Preparation of the strategy within core estimates. Implementation will have to be carefully considered, as there are no resources other than existing Private Sector Renewal Grants.
18.	Continue with the rolling programme of playground refurbishment to ensure that our play spaces remain in good condition, meet health and safety standards and provide good play value	Within capital programme
19.	Complete the 12 months trial of sheltered housing management	Within core estimates
20.	Produce a new animal welfare charter for the Council by December 2003	Within core estimates
21.	Develop our policies and services in respect of young people	Within core estimates
22.	Develop our policy and service response in respect of gypsies and other travellers	Within core estimates

23.	Progress the Local District Plan through its various statutory stages to adoption	Within core estimates
24.	Continue to implement the development plan in connection with Cherry Orchard Jubilee Country Park	Additional phases will require funding. Major source likely to be Thames Gateway
25.	Roll out the Woodland Strategy agreed by Council in March 2003	Within core estimates
26.	Progress the Community Transport Strategy agreed by the Council in early June 2003	Within core estimates
27.	Review recycling activity	No provision for the expansion of recycling within this strategy funded by RDC.
28.	Develop a specific recycling scheme targeted at local businesses	No additional costs included within this strategy. Will need to be considered as and when a specific scheme is proposed.
29.	Undertake a further review of the District's air quality	Basic review within core estimates. Significant sampling would require new resources. No additional provision within this strategy
30.	Produce a final version of our Economic Development Strategy for the District by October 2003	Within core estimates
31.	Finalise our consultation protocol with the local business community.	Within core estimates
32.	Continue to promote 'local businesses through their inclusion on the Council's approved list of contractors, where appropriate	Within core estimates
33.	Work with Thames Gateway South Essex on the Thames Gateway regeneration project.	Working together within core estimates. Potential requirements for project funding and revenue implications of projects and schemes. No additional funding within this strategy.

34.	Review the location and operation of Rayleigh market.	Review within core estimates. Any subsequent action may require funding. No additional funding within this strategy
35.	Review our policy on enforcement	Within core estimates
36.	Continue to upgrade the Council's leisure facilities	Now undertaken by Holmes Place within the terms of their contract
37.	Progression of new leisure facilities on the former Park School site.	Within the budget strategy
38.	Finalise the Community Strategy for Rochford District	Work on the Community Strategy is within core estimates however proposals resulting from it will need to be considered. (See later in this report)
39.	Develop the Council's strategic business framework in respect of housing	Covered in the budget strategy
40.	Commence the refurbishment and conversion to residential of the two empty shop units in Rochford Garden Way	Within the capital programme
41.	Continue the refurbishment/upgrade of the Council's sheltered housing stock	Specific issues dealt with within this budget strategy
42.	Continue to work towards the implementation of decriminalised parking enforcement in the District by October 2004	Within core estimates
43.	Introduce our new responsibilities in connection with liquor licensing as smoothly as possible	Initial costing are dealt with as part of this budget strategy
44.	Carry out a refurbishment programme of its public toilets	Within core estimates and capital programme
45.	Upgrade the drainage associated with our playing fields at Rawreth Lane and St John Fisher.	Within capital programme
46.	Upgrade our sports pavilions and sports grounds to meet the requirements of the Disability Discrimination Act	Provision included within capital programme

47.	Submit a new lottery bid for the Windmill and its environs at Rayleigh	RDC contribution within the Capital Programme
48.	Prepare a draft Cultural Strategy for the district by November 2003	Within core estimates
49.	Develop the promotion of the 'arts' across the district.	Within core estimates
50.	Progress our 'E-Government' Strategy	Partly met by specific government grants, core estimates and the budget strategy
51.	Develop our risk management culture and systems	Within core estimates
52.	Implement the decisions taken in connection with the review of the Council's accommodation	The short term issues are dealt with in this budget strategy
53.	Produce a new Crime and Disorder Reduction Strategy by March 2005	Within core estimates
54.	Determine the way forward in connection with our own housing stock no later than December 2005	Specific issues dealt with within budget strategy
55.	Continue to progress work on our Local Plan to Public Inquiry and adoption stage, if appropriate, or move towards a Local Development Document, as required under the Planning and Compulsory Purchase Order Bill	Within core estimates. Some costs met from planning delivery grant

- 2.5 Members will now be familiar with the concept of identifying all objectives/ambitions and determining which, if any, are regarded as priorities and therefore to be included within the Budget Strategy with resources allocated to them. For future development of the Authority within the Comprehensive Performance Assessment framework, it will be necessary to record why issues are deemed low or non priorities.
- 2.6 It has to be remembered that we are now dealing with a five year budget strategy and therefore the medium term and indeed the long term objectives need to be identified. For Members there will be a need to identify these ambitions and to prioritise them over the coming years. These will then inform and link to other key strategies like Thames Gateway, renewal of major contracts, all service delivery etc.

2.7 Therefore In addition to the Corporate Plan and Best Value Performance Plan, the Council has to take account of:-

- Government and statutory requirements
- Key long term strategies like Thames Gateway
- Emerging political ambitions
- All other relevant information to inform the strategy

3 TIMETABLE

3.1 As regards the Budget Strategy, following this meeting, a report will be submitted to Council on 27 January, where all the details in respect of the Budget Strategy will be included. Prior to that date, meetings will be held, where requested, with political groups and there will be consultation with housing tenants. In addition on the 9th December the business community will attend the Finance and Procedures Overview and Scrutiny Committee to present their views on issues affecting service delivery and the budget strategy.

3.2 It is hoped that an 'awayday' can be organised for early in January so that Members have the opportunity of discussing the budget strategy in more detail and those issues around the medium and long term priorities can be examined.

3.3 It should be noted that the proposed date to set the Council Tax on 17 February will not now be possible. The Fire Authority, will, for the first time, be setting a separate precept but their meeting will not be held until 18 February. The Authority will therefore not have all the information available in order to set the total Council Tax. It is therefore proposed that the Council Tax will be set at the normal Council Meeting on 24 February.

4 CONSIDERATION

4.1 General Fund

The starting point for the General Fund is the estimated resources available from Council Tax and Government funding. The current Budget Strategy has a planned increase in Rochford District Council Tax of 9% per year.

4.2 Government Support - As regards Government support, the draft announcement has proposed that total grant for 2004/05 is £ 3.401m. This is a decrease of £426,000 on the 2003/04 figures. The following should be noted:-

4.3 The loss of grant has been caused by a switch of Housing Benefit funding from Revenue Support Grant to direct grants. That new grant has yet to be confirmed and therefore this direct grant has been included as an estimate for 2004/05. This is a significant figure and its confirmation will be a critical part of having confidence in this budget strategy.

- 4.4 Members will recall that under the new grant distribution model some authorities were deemed to be at the floor and some at the ceiling. An authority that is at the floor has been assessed that current grant is in excess of entitlement but the gradual reduction to the proper level should be protected. An authority that is at the ceiling has been assessed that current grant is below the entitlement but the progression to the proper level should be restricted.
- 4.5 Rochford is an authority, which is at the ceiling, and it follows that there is grant funding that we are entitled to but not receiving. Under this model an authority that is at the ceiling would normally expect a larger increase than those at the floor as the floors get the minimum whereas the ceilings should get extra.
- 4.6 It was therefore anticipated that under the settlement for 2004/05 Rochford would progress towards the proper grant funding. The draft settlement currently shows that in general terms all District Councils will get a flat rate increase of around 2.2 % on the adjusted figures for 2003/04. For Rochford we will get 2.4% which equates to around £80,000 and does not even cover the full cost of inflation and certainly does not move us towards the proper grant entitlement determined by the Government model.
- 4.7 The announcements are open to consultation with comments required before the 2nd January. It is suggested that our response make representations about the inequality of the award that holds back our proper grant entitlement.
- 4.8 Revised Estimates 2003/04
- The current revised estimates total £7,870,000. This represents a reduction of £286,050 on the original estimate of £8,156,050. This revised estimate includes the Holmes Place profit share and a further refund of National Non-Domestic Rating in respect of leisure buildings. Removing these two items, we are currently estimating a reduction of around £58,050.
- 4.9 Estimate 2004/05
- The draft estimates for 2004/05 are currently shown at £8,731,000. This is an increase of £574,950 or 7.05% over the original estimate for 2003/04.
- 4.10 Significant movements currently included within these draft estimates are as follows:-

Salaries – an increase of £448,500 which is 8.4% on the original estimate. This figure includes salary inflation at 3%, increments due to staff, additional posts within Woodlands that are being met from either additional grants or the previous provision for Cherry Orchard Jubilee Country Park and some additional staffing costs funded by the Planning Delivery Grant.

Audit Fees – an additional sum of £46,800 as required by the Audit Commission.

Members Allowance – as recommended by the Remuneration Panel, an additional £38,200. Although the overall level and timing is subject to Member approval.

Investment Income – this is a reduction of £36,500 following the introduction of pooling of capital receipts.

Pension Increases – additional £77,000. This is in line with the current strategy. The increases are those determined under the last actuarial valuation.

Land Charges Income – a reduction of £30,000. This is a better estimate of the current income based on the current demand for the service. In addition customers have the ability to use NLIS which results in a lower fee for the Council.

Rent Rebates – these are now included within the General Fund for the first time. An additional net cost of £150,000 has been included, however, this is expected to be supported by Government grant.

I T Contract – an additional £30,000 has been included as contained within the existing Budget Strategy.

5 BUDGET STRATEGY STATEMENT

5.1 Appended to this report is the draft Budget Strategy 2004/05 – 2008/09. The additional items shown on this statement are a mixture of:-

- New government and statutory requirements
- Additional action agreed by Council
- Proposed new items.

5.2 Looking at the statement on a line by line basis:-

Line 1 - Projected Permitted Expenditure

It is based on the draft announcements for 2004/05 as mentioned earlier in this report. Grant is then provisionally estimated to increase by £100,000 in 2005/06 and £50,000 in 2006/07. The tax base is estimated to increase by 100 Band D properties per year.

Line 2 - Opening the draft budget

This is the original and revised estimate for 2003/04 and 2004/05 draft estimate. For future years, it is the product of the continuing strategy model.

Line 3 - Leisure and Parks Sports Centre

This is the estimated revenue commitment for the new Park Sports Centre. The figure is a combination of the capital financing costs and the management costs for Holmes Place. The figure is likely to change due to the actual timetable of capital spend, when revenues support costs will be incurred, the actual tender cost of works and the way in which prudential borrowing is actually used.

It should be noted that there is a specific reserve of £500,000 available for this project plus the contribution of £500,000 from Essex County Council. In addition, it is recommended that the proposed capital receipt from the sale of Renoufs site be allocated to the scheme.

The credit item in 2006/07 is a provisional estimate for profit share in respect of the leisure contract.

Line 4 – IS/IT Strategy

This is the provision for the revenue costs related to the new investment in IT that flows from the specific government grant (£200,000 per year)

Line 5 - Members Allowances

Within the core estimates for 2004/05, an increase of £38,200 has been included. In line with the recommendations of the Remuneration Panel, additional increases have been programmed within the Budget Strategy. The total recommended increase is shown programmed over 2004/05, 2005/06 and 2006/07. This aspect is still subject to Council approval.

Line 6 - Pension Increases

Provision has been included for additional payments to Essex County Council Pension Fund in respect of pension liabilities. The figures shown are broad estimates of the potential increase that are currently being assessed by the actuaries to the fund. The new contribution is not expected to match the way these figures are programmed within the Budget Strategy as payments are likely to be payable earlier than 2006/07 to 2008/09. To cover this potential gap in funding, it is proposed that a reserve is created. This is covered in Line 25.

Line 7 - Investment Income Change

These figures represent the estimated loss of investment income following new legislation requiring the Council to pool capital receipts. Sums that would have been held for investment will now have to be paid to the Government.

Line 8 - Recycling

The current Strategy does not include any additional funding for recycling. Members agreed that there should be no expansion without additional external funding. There is the possibility of additional Government funding for recycling and therefore reports will be made on this issue. However for this current budget strategy Members will need to confirm this as a non-priority as regards the allocation of additional funding from our net expenditure.

Line 9 - Liquor Licensing

This is the initial estimate of resources required to deal with Liquor Licensing. This is a new requirement by the Government. The credit in the following year represents what is hoped will be realistic fee income. Details are still awaited from the Government and therefore the actual fee income may not yield this sum with implications for the Budget Strategy.

Line 10 - Pay Strategy

Council has agreed to some additional provision to address issues within the staff structure around the recruitment and retention of staff.

Line 11 - Private Sector Renewal Grants

These have not been included within the General Fund Revenue Budget as recent announcements suggest that credit approvals or the support of capital will be available in 2004/05. Provision has therefore continued within the Capital Programme.

Line 13 - Income Review

There are no major changes planned for fees and charges for 2004/05 that impact on Budget Strategy. The Budget Strategy should however set targets for the achievement of additional income over the life of a Strategy. This is shown for 2005/06 and 2007/08 as targets for £40,000 in both these years.

Line 14 - Housing Resources

This represents the additional new posts to deal with housing issues other than the Housing Revenue Account. The additional costs shown in 2006/07 represent the withdrawal of estimated funding towards this post.

Line 15 - Accommodation – Short-term

This represents the ongoing costs of the temporary measures to provide a Disability Discrimination Act compliant Reception area at the Rochford Offices. It also includes the employment of consultants to advance the long-term solutions for accommodation. This latter element is for 2004/05 only and therefore a credit is shown in 2005/06.

Line 16 - Housing Needs Survey

This is an essential requirement as this will help to inform the Council on issues like decent homes in the private sector and the Housing Revenue Account Option Appraisal.

Line 17 - Freedom of Information Act and Government Requirements

The Act requires careful management of computer-based information. Changes will be required to systems and processes around the retention of personal data. The credit in 2005/06 represents a reduction in the initial requirements.

Line 18–20 - Total Budget

These three rows show the totals and for 2005/06 onwards, the total with the addition of inflation. Inflation is currently estimated at 3% over the life of the Strategy, however this will have to be refined as more information is made available.

Line 22 - Change in General Fund

The difference between the total budget in Line 20 and the resources available in Line 1 is either an addition to balances or (withdrawal) of balances. It can be seen that throughout the life of the strategy reserves are being reduced.

Line 25 - Budget Strategy Reserve

This reserve was recreated at the close of accounts 2002/03 to give more flexibility to the General Fund Strategy. The proposal is that £200,000 be placed in a pension equalisation reserve and £300,000 be added to General Fund balances. As regards the pension reserve, the need for this is covered in Line 6 above.

Line 30 - General Fund Balance Brought Forward

This is the opening balance of the General Fund in each Financial Year. In the 2003/04 revised, it has increased General Fund balances by £300,000 as mentioned in Line 25.

Line 31 - Change in Fund

This is the change in fund as shown in Line 22 above.

Line 32 - Balance Carried Forward

This is the closing balance of the General Fund in each Financial Year.

Line 33 - Balance Should Be

The Council has agreed that General Fund balances be set at 10% of the net revenue budget. The relationship between this line and Line 32 shows the overall position of the Strategy.

- 5.3 It should be noted using this five year model the 2008/09 figures are very sensitive to change as an addition or deletion of say £20,000 in 2004/05 will change the end figures by £100,000 as it covers five years.

6 OTHER ISSUES AFFECTING THE GENERAL FUND STRATEGY

Public Regulation Best Value Review

- 6.1 A report will be submitted to Environment Overview and Scrutiny Committee on the 3rd December. Within the report there are significant number of items that have resource implications. These are as follows:-

No	Item	Comment
1	Liquor Licensing	Included within this budget strategy
2	Expanded roll of officers/extra officer in decriminalised parking to cover environment street crimes	£15,300 plus a one off cost of £2,000. Not included within this strategy. Consider as part of the set up of decriminalised parking, however at the moment this is not seen as a realistic option.
3	Education and information campaign on dog fouling, abandoned vehicles, fly tipping, noise etc	Not included within current budget strategy. Will try to absorb within consultation/education budgets.
4	Implement a standby rota system for emergency calls out of hours	£60,000. Not included within budget strategy
5	Implement a standby service for out of hours environmental nuisances	£25,000. Not included within budget strategy

6	Amend current policy of granting reduction for public entertainment and other licenses	Additional short term income target of £5,000. Not included within budget strategy
7	Amend current policy of free collection for bulky household goods. Contract amendment with Serviceteam	Cost reduction target of £30,000. Not included within budget strategy
8	Additional budgets for clearances for ditches and water courses	£10,000 additional budget. Not included within budget strategy
9	Additional resources to identify houses in multiple occupation	On off cost of £10,000. Not included within budget strategy
10	Provide additional dog waste bins	Cost of installation and collection £2,000. Not included within budget strategy
11	Provide high visibility warning signs in fly tipping hotspots	Initial one off cost of £5,000. Not included within the budget strategy

- 6.2 Members will need to take into account the recommendations of that Committee in relation to these items and decide whether they should form part of the priorities of the Council for this budget strategy.

Initial issues emerging from the Community Strategy

- 6.3 The full implications of the Community Strategy as it impacts on the Council will not be fully known until the strategy is finalised in March 2004. Members may wish to consider the following list of items emerging from the initial consultation feedback and whether any notional provision should be made at this stage.

No	Item	Requirements
1	Issues regarding additional police. This will include Police Community Support Officers.	} } }
2	Issues regarding Youth provision	} All need to be } defined
3	Changes to parking arrangement	}

Improvements to Refuse Collection

- 6.4 There are potential budget implications from a need to review the arrangements for refuse collection. The current provision is generating complaints and operational difficulties. The consideration of this issue will require information regarding a possible expansion to recycling met by grant

funding, current provision of recycling banks and amendment to the refuse collection contract.

- 6.5 A report will be submitted to a future Committee with likely cost implications of up to around £25,000 per year

Decriminalised Parking

- 6.6 This will be included within the Budget but shown as cost neutral.

General Fund Summary

- 6.7 It can be seen from Lines 32 and 33 that the General Fund is at the end of 2008/09 an estimated £750,000 below the required amount. However, this is before the items shown in other issues affecting the General Fund Strategy are taken into account. Agreement to include additional items will change this figure. It should be noted that the full release of the Government funding due to Rochford, under the Governments own model, would correct this imbalance.
- 6.8 It can be seen that there is pressure on the budget, however at this stage tax increase of 9% is acceptable for 2004/05. Depending on the release of Government funding higher increases/changes to net expenditure will have to be considered for future years.

Government and Statutory Requirements

- 6.9 The above report has identified where additional resources are required to meet the Government and statutory requirements. The new items for 2004/05 currently identified are:-
- Liquor licensing
 - Additional General Fund housing resources
 - Freedom of Information Act.
- 6.10 Looking only at 2004/05 these are estimated to cost £151,000. This equates to a tax increase of around 3.5%. Looking therefore only at a one year basis the tax increase could have been 5.5%.

Council Tax

- 6.11 The above Strategy confirms the need for an increase in Council Tax of 2004/05 of 9% and the need to keep the tax increase under careful review for the life of the Strategy.

Capping

- 6.12 Members will be aware that recent Government announcements have emphasised the Government's intention to pay close attention to Council Tax

increases with the potential for capping. Press speculation has also indicated that capping might be targeted at Authorities who increase their Council Tax by more than twice the rate of inflation. The Secretary of State has also indicated that the trend in Council Tax increases will be considered rather than just the increase for a single year.

- 6.13 The problem with capping is that if it were to be imposed, it would be after the Council Tax had been set. This ensures that the risk of capping has a possibly larger effect than an actual capping policy.
- 6.14 It is understood that the Treasury assumes a council tax rise of 7.3% for 2004/05 to maintain existing spending levels.
- 6.15 Although no guarantees can be given, the view is that the Council will not be capped at 9% tax increase for 2003/2004 and 2004/2005. This view will obviously be reviewed as more information becomes available.

The Housing Revenue Account

- 6.16 There have been problems in relation to the Housing Revenue Account general balance and now in the allocating the major repairs allowance to deal with issues such as decent homes and sheltered housing conversions. However the prime objective of this strategy is to take account of the need to finance the option appraisal process, which will be undertaken shortly. This is provisionally estimated as £300,000. To address this, a budget needs to be created. The proposal is that responsive repairs currently charged to the Housing Revenue Account be restricted for 2004/05 by an additional £200,000. To reduce the impact of this action, it is proposed that within the programme for the Major Repair Allowance, that the programme for sheltered housing conversions be cancelled for 2004/05 only. As regards the sheltered housing programmes, Members will be aware that the Frail Elderly Study will require careful consideration of policies to apply to the sheltered housing stock. In addition, Members will also be aware of the current problems regarding the delivery of the approved Hardwick House scheme within the current national financial arrangements.
- 6.17 Therefore delaying action within 2004/05 will allow time for policies to be determined, for the national funding position to be clearer and to provide resources for the option appraisal.
- 6.18 The draft programme in respect of the Major Repairs Allowance is being submitted to Community Services on the 2nd December and the will be the subject of consultation with tenant representatives in January 2004. This schedule will need to be amended if the strategy to provide resources for the option appraisal is agreed.
- 6.19 It should be noted that under the draft announcements relating to Housing Subsidy it appears that there will be a significant increase in housing subsidy for 2004/05 following changes to the way that maintenance allowances are distributed. This should ensure that the Housing Revenue Account will remain

in balance for the period of the option appraisal and the implementation period. Further details will be available when all the changes have been advised and analysed.

7 CAPITAL PROGRAMME

Housing Revenue Account

- 7.1 As mentioned previously the draft capital programme will need to be amended around the strategy to provide funding for the option appraisal process. The majority of the programme relates to the use of the major repair allowance towards the achievement of decent homes. Included within the total programme is the use of capital receipts of £200,000 per year to support the capital repairs that were previously charged to the Housing Revenue Account.
- 7.2 Members will note that new procurement methods will require, as a minimum, the approval to a rolling three year programme within the Housing Capital Programme as it is estimated that contracts may well be let for more than one year. Major changes to methods of procurement will be reported to Members.

8 General Fund Housing

- 8.1 Provision will be included for support of housing associations for two years at £200,000 per year. This however is totally dependent on Government approvals for some kind of support of capital for these two year periods. The two years represents the guarantee period of safety netting the change from current policy to one based on regional/sub regional criteria. Provisions in respect of disabled facility grants and private sector renewal grants will be included.
- 8.2 For revised estimates an additional provision of £150,000 has been included in respect of Disabled Facility Grants. Members will be aware that these grants are demand led and relate to critical support for the disabled in their own homes. Grants authorised in one year often have implications for subsequent years. The actual spend for 2003/04 has taken into account additional demand and the need to finance schemes from previous years where budget was returned to the capital programme.

9 General Fund

- 9.1 The programme will cover known commitments. The overall programme is estimated to be overdrawn at 2008/09 by around £500,000 and that the programme is reduced to a minimal basis for the latter years of the Strategy. For example from 2005/06 the total programme is estimated to be less than £200,000 per year. The estimated figure by which the programme is overdrawn is a high figure however this is anticipated to be recovered by either new capital receipts or more likely by slippage in the Housing Revenue Account Capital Programme resulting in the non use of capital receipts currently allocated to it. With regards to the forward estimate of new capital

receipts, figures tend to be included on a prudent basis. However, new rules are about to be introduced by the Government, which may restrict the amount of right to buy sales that actually take place. This position will obviously be monitored and information brought to Members should this require a change to the Capital Strategy.

9.2 It should be noted in the General Fund that the following new items have been provisionally included.

· Depot - security works	£16,000
· Old Ship Lane Car Park- new layout	£25,000
· Replacement of Photocopiers	£45,000

Fees and Charges

9.3 No major changes are proposed for 2004/05. The Forward Budget Strategy proposes that income be increased by £40,000 per year or 2005/06 and 2007/08.

Next Steps

9.4 Following this meeting, any identified action be undertaken. Where requested meetings will be held with political groups. The main report will be produced covering in detail all aspects of the Budget Strategy for presentation to the Council on 27 January.

10 RECOMMENDATION

10.1 It is proposed that the Committee **RESOLVES**

- (1) To consider the Budget Strategy.
- (2) To agree the response to the consultation on Government support.

D Deeks

Head of Financial Services

Background Papers:

None

For further information please contact D Deeks on:-

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