

**BABERGH DISTRICT COUNCIL**

**FROM: CORPORATE DIRECTOR &  
DIRECTOR OF FINANCE**

**REPORT NUMBER     **E227A****

**TO: JOINT OVERVIEW & SCRUTINY  
COMMITTEES**

**DATE OF MEETING   12 December 2005**

**VARIATIONS IN DRAFT BUDGET PROJECTION SINCE SFP GROUP MEETING  
ON 18 NOVEMBER 2005**

1. The following changes and variations have arisen:-
  - Improved grant settlement of £146,000 compared to the assumption of £5,348,000, resulting in a total grant of £5,494,000 for 2006/07.
  - Replacement of the general inflation assumption of a 3% Council Tax increase with the actual Government RPI level that is used for the Business Rates multiplier of 2.7%. This reduces projected Council Tax income by £11,000.
  - Additional changes to specific areas of the draft budget that have emerged and are felt to be appropriate totalling £65,000.
  
2. These affect the current position, compared to the one that was arrived at on 18 November and this is summarised below:-

	<b>(£000)</b>
Financial “cushion” on 18 November 2005	32
<u>Add:</u>	
Improved grant settlement	+146
<u>Less:</u>	
Council Tax increase of 2.7% not 3%	-11
Additional items that should be reflected in the draft Budget for 06/07:	
- Dual Use Centres	-22
- Other areas	-43
Current financial “cushion”	102

3. These changes are reflected in the revised financial projection attached as Appendix A, which also explains where the additional items of £43,000 have arisen.
  
4. However, we are still awaiting final notification and clarification of the Planning Delivery Grant for 2006/07 and it appears that this may be lower than our expectation of £100,000.
  
5. This could have an impact on the cushion of £102,000, but there should still be a cushion that the Strategy Committee will want to consider when the detailed budget is completed.

Geoff Kistner  
Corporate Director

Barry Hunter  
Head of Finance

12 December 2005

**APPENDIX A TO PAPER E227A**

**GENERAL FUND REVENUE BUDGET : FINANCIAL PROJECTION**

Set out below is the latest position on the draft General Fund budget for 2006/07, which takes into account:

- The provisional Government grant announcement on the 5 December 2005
- Variations that have arisen since the meeting of the Service & Financial Planning Group meeting on the 18 November 2005

	Budget 2005/06 £000	Financial Projection 2006/07		
		Initial £000	Revised £000	
			18 Nov	12 Dec
• Base budget for previous year		8,961	8,961	8,961
• Pay awards & inflation		+270	+314	+314
• Commitments				
- Concessionary Fares		+200	+354	+354
- Reduced SCC recycling contribution		+140	+140	+140
- Reduced interest on reserves		+20	+30	+30
- Dual use contributions (see note)		+22	-	+22
- Arts and Community Development Officer		+2	+2	+2
- Anti-Social Behaviour Officer		-	-	-
- Local Development Framework (now included in service priorities)		+50	-	-
- Other items		+50	+182	+182
• New expenditure on priorities				
- General provision/bids to date		+100	+118	+118
- NPDO		-40	+42	+42
• Savings and Additional Income				
- Completion of Local Plan		-100	-100	-100
- Required/Identified to date		-245	-529	-529
• <b>Additional items (net- see attached)</b>		-	<b>+32</b>	<b>+43</b>
• <b>Financial gap</b>				<b>+102</b>
	8,961	9,430	9,546	9,681
Use of Reserves	-353	-260	-260	-260
Deficit on Collection Fund	26	-	17	17
Government Support	-4,801	-5,200	-5,348	-5,494
Council Taxpayers	3,833	3,970	3,955	3,944
Council Taxbase	32,090	32,250	32,150	32,150
Council Tax for Band D Property	£119.45	£123.03 (+3%)	£123.03 (+3%)	£122.68 (+2.7%)

Note: The SFP Group has reservations about removing this additional funding, which is part of a 3-year arrangement with the County Council. It is suggested that this is re-instated pending further discussions with Suffolk County Council on their funding plans for 2006/07.

**Variations in the draft budget since the Service & Financial Planning Group meeting on the 18 November 2005**

Item	Amount £000
<b>Additional costs</b>	
Car Parking – less income from excess notices and advertising than allowed for in the current budget	+28
Business Rates Growth Scheme – latest indications and experience of councils is that very little additional income is likely under the Government scheme. Current budget assumes £35,000	+25
East House – impact in terms of lost rent and maintenance costs if agreement cannot be reached on appropriate arrangements to continue existing or similar arrangements	+30
Credit Card charges – lost income if counsel’s opinion results in a decision that these charges should not be made in future	+4
+87	
<b>Additional savings/income</b>	
Salaries – further saving and reduction following preparation of detailed budget requirements for 2006/07	-20
Housing & Council Tax Benefit – slight revision of previous assessment on subsidy and recovery of overpayments	-5
Economic Development – anticipated reduction in Hadleigh Business Centre deficit	-5
Community Action Desk – cease funding of the Radio Suffolk programme in line with other councils who are also planning to withdraw their support and funding	-2.5
Summons costs income – revision to previous assessment	-4
Land and Property Gazetteer custodian – reassessment of the cost of this service priority – (£10,000 reduction of which £7,500 relates to the General Fund)	-7.5
<b>Net additional cost</b>	<b>+43</b>