

**Town Hall, High Street,
Gosport, Hampshire
PO12 1EB**

Telephone: (023) 9258 4242
Fax: (023) 9254 5587
Please ask for: Eileen Povey
Direct line: (023) 9254 5206
e-mail: eileen.povey@gosport.gov.uk

12 January 2007

S U M M O N S

MEETING: Community and Environment Board
DATE: 22 January 2007
TIME: 6.00pm
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Eileen Povey

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE BOARD

The Mayor (Councillor Mrs Cully) (ex-officio)
Councillor Cully (Chairman of Policy and Organisation Board) (ex-officio)

Councillor Wright (Chairman)
Councillor Mrs Wright (Vice-Chairman)

Councillor Ms Ballard	Councillor Dickson
Councillor Carr	Councillor Edgar
Councillor Champion	Councillor Kimber
Councillor Clinton	Councillor Smith

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

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Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

IMPORTANT NOTICE:

- **The Summons, Agenda and accompanying Reports can be provided in large print, on tape, in Braille or in other languages on request**
- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

AGENDA

RECOMMENDED
MINUTE FORMAT

PART A ITEMS

1. APOLOGIES FOR NON-ATTENDANCE
2. DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter, any personal or personal and prejudicial interest in any item(s) being considered at this meeting.

3. DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Board is required to receive a deputation(s) on a matter which is before the meeting of the Board provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Thursday, 18 January 2007. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

4. PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Board is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Board provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Thursday, 18 January 2007).

5. BOARD BUDGET 2007/2008

PART II

Report to follow.

Contact Officer:
John Norman
Ext 5316

6. ANY OTHER ITEMS
- which by reason of special circumstances the Chairman considers should be considered as a matter of urgency

APPENDIX 'B'

(Agenda item no. 5)

Board:	COMMUNITY AND ENVIRONMENT BOARD
Date of meeting:	22nd JANUARY 2007
Title:	BOARD BUDGET 2007-2008
Author:	FINANCIAL SERVICES MANAGER
Status:	FOR RECOMMENDATION

Purpose

The purpose of this report is to consider the Board's revised 2006/07 and 2007/08 budgets, including the Board's fees and charges for 2007/08 and capital programme, and recommend thereon to the Policy and Organisation Board for inclusion in the Council's overall budget proposals

Recommendation

The Board is requested to recommend to P&O Board its requirements for

- the revenue budget (revised 2006/07 and estimate 2007/08)
- the fees and charges for 2007/08
- the capital programme 2006/07 to 2011/12

To regularise and extend for a further year the existing trial arrangement for larger Gosport Market pitch sizes on Tuesdays (2.4 refers)

1.0 BACKGROUND

- 1.1 The Board is required to consider and recommend to P&O Board its requirements for the 2006/07 and 2007/08 financial years.
- 1.2 P&O Board will consider its own and other Board requirements on 30th January, and make recommendations to Council regarding the overall Council budget.
- 1.3 Members have been circulated with drafts of both the Budget and Fees and Charges Books for 2007/08. The draft figures have been compiled in line with the guidance contained in the Council's budget strategy (P&O Board 28th June 2006).
- 1.4 This Boards budgets are contained on the following pages:

- Revenue budgets pages 3 to 14
- Revenue variances appendix 1, pages 1 & 2
- Capital programme pages 47 to 50

1.5 The Budget Book includes a revised presentation of some of the C&E Board services that is aimed at providing a presentation that more readily aligns with the Council's service unit structure. Council Management Team and the Group Leaders have approved these changes which also yield a paper saving.

1.6 There are several general points regarding the reported figures :

- Capital Finance charges

A notional depreciation charge is made to revenue services and administration accounts. This charge represents the cost of using the council's assets during the year and is cancelled by an opposite and equal figure within the P&O Board budget – there is therefore no real cost to the Council. This accounting treatment is obligatory and is carried out by all local authorities.

- Administration Recharges

Administration recharges represent the cost of the Council's service units – both frontline and support – that are incurred in providing the Council's services. They are a recharge of the total service unit costs which are overseen by the Personnel Sub and P&O Boards. They can vary between both services and boards and reflect the complexity of the Council's structure and services provided.

As part of last years restructuring report and following the setting up of the 'Streetscene' operation, staff formerly included under 'employees' (principally against Dog Control and Parking) are now recharged as part of Admin Recharges. This is shown in the variation list and within the (new) Streetscene heading in the budget book.

- Variance Analysis

The variance analysis shows the major budgetary variations from (i) the original budget to the revised budget and, (ii) the revised budget to the estimated budget.

In practice, at the lowest level, there will always be many budgetary variations – both positive and negative - as officers manage budgets and provide for service delivery under delegated authority. These will also include virements in line with financial regulations. The variance analysis attached to this report includes the major variations only.

- 1.6 A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below.

	ORIGINAL 2006/2007	REVISED 2006/2007	ESTIMATE 2007/2008
	£	£	£
Employees	555,630	320,040	313,710
Premises	587,810	631,390	483,560
Transport	48,640	22,250	20,180
Supplies and Services	483,230	552,580	439,640
Third Party Payments	2,920,450	2,943,460	3,018,930
Transfer Payments	834,200	844,150	925,730
Administration Recharges	2,305,080	2,689,620	2,822,370
Miscellaneous	181,090	182,970	146,400
Capital Finance	630,280	630,990	605,560
	8,546,410	8,817,450	8,776,080
Income	(2,229,670)	(2,053,320)	(1,841,500)
	6,316,740	6,764,130	6,934,580

2.0 REVISED BUDGET 2006/07

- 2.1 The revised budget for 2006/07 for this Board is £6,764,130, an increase of £447,390 (7.1%) on the original budget for 2006/07 of £6,316,740.
- 2.2 Excluding the increase in Capital Finance charges (£710) and the movement in Admin Recharges (£384,540) - both as described in paragraph 1.6 above - the net cost of the Board's services has increased in the revised budget by £62,140.
- 2.3 The major variations that have been incorporated into the revised 2006/07 budget are listed in the variance analysis.
- 2.4 Gosport Market

Officers have met with the current operators (Hughmark) in order to review the current operation of the Tuesday and Saturday markets which are mid way through a 10 year agreement.

In common with most other markets, the numbers of stalls has reduced in recent years with a consequent loss of income to both the Council and the operator.

In order to avoid significant further deterioration which would also be detrimental to trade in the High Street, it is recommended that

- The existing arrangement for larger pitch sizes for the Tuesday market be extended for a further year
- No increase be made in the consent fee charged to stallholders in 2007/08 (now unchanged since 2002/03)

Officers will re-examine the legislation under which the market is operated prior to the reletting of the concession with a view to improving returns to the Council

2.5 Waste

Waste Recycling income from paper, glass and kerbside has been recalculated using the latest rate per tonne and tonnage predictions. Additional income for 2006/07 of £51,120, including a backdated adjustment for 2005/06 of £12,050, is forecast.

50 additional litter bins at a cost of £18,000 have been purchased and installed across the Borough.

2.6 Parking

A general downturn in parking income in 2006/07 together with the Council's decision to allow free parking in the short stay car parks in the Town Centre is estimated to result in a shortfall of income of £182,000. Approximately £88,800 results from the free parking in short stay car parks and £93,200 from the general reduction in income. Factors affecting the latter include buoyant income in 2005/06 from the Festival of the Sea which has not been repeated and the competition from the privately owned Haslar Marina car park.

2.7 Concessionary Travel

The introduction of the free County wide farepass scheme from 1st April has resulted in a bigger demand for farepasses than budgeted for. It was generally acknowledged by all Councils that both demand and the unit cost of farepasses (which depends on usage) would be difficult to predict accurately and the figures supplied by the Hampshire consultants were used in compiling the original budget with this in mind.

Current indications are that an increase in the budgeted cost of the farepass of £78,670 will be offset by a reduction in the budgeted cost of tokens of -£68,720 leaving a net additional cost of £9,950.

2.8 Budget Monitoring Report

The main service variances that have arisen during the budget process that were not included in the last budget monitoring report to P&O Board in November 2006 were:

Income

- reduced income for the Market, Cemetery and Parking;
- additional income for Waste Recycling.

Expenditure

- reduced expenditure on Concessionary Travel
- additional expenditure on Waste Collection, Street Cleansing

3.0 BUDGET 2007/08

3.1 The budget for 2007/08 for this Board is £6,934,580, an increase of £617,840 (9.8%) on the original budget for 2006/07 of £6,316,740; and an increase of £170,450 (2.5%) on the revised budget for 2006/07 of £6,764,130.

3.2 Excluding the reduction in Capital Finance charges (-£25,430) and the movement in Admin Recharges (+£132,750) - both as described in paragraph 1.5 above - the net cost of the Board's services has increased by £63,130 from the revised budget to the estimated budget.

3.3 The major variations are listed in the variance analysis and the following are commented on further

3.4 Parking

The budget for 2007/08 reflects free parking in the short stay car parks for a full year and is estimated to further reduce income by £161,200 from the revised budget.

3.5 Abandoned Vehicles

The County Council has given notice that the contract for administering Abandoned Vehicles will be taken back in house. The precise details of this arrangement are to be finalised and for budget purposes it has been assumed, based on experiences in other counties, that the the Council will save the cost of collection (a Borough responsibility) and lose the previously received County administration contribution and that these two factors will offset each other.

3.6 Concessionary Travel

An increase in the number of tokens issued for 2007/08 has been provided for (+£24,870) and financial projections from the Hampshire consultants (MCL) indicate that farepass costs are likely to increase. Factors affecting this budget include: the actual number of tokens issued, the usage made of the farepasses issued (as opposed to the actual numbers distributed), which of the two options eligible people will take and whether they subsequently move from one to other and the aging population.

4.0 FEES AND CHARGES 2007/08

4.1 The recommended fees and charges are included within the draft Fees and Charges book.

5.0 CAPITAL PROGRAMME 2006/07 TO 2011/12

- 5.1 The draft Capital Programme is included on pages 47 to 50 of the Budget Book.
- 5.2 Where capital expenditure is not supported by external funding (government grant, developer contributions, commuted sums etc) there is a direct and material impact on the Council's revenue budget by way of lost interest and borrowing costs.
- 5.3 The figures in the columns headed 'Local Resources' at the right hand side of the capital programme pages show those schemes that do not benefit from external funding and therefore either draw on what remains of the Council's general capital receipts or may require borrowing.
- 5.4 While the full capital programme including the overall funding and the end impact on the revenue budget will be considered by P&O Board on 30th January, it should be appreciated that most of the C&E Board capital schemes are discretionary and the amounts listed under local resources will impact on capital balances and the revenue budget as outlined above.
- 5.5 The capital programme includes for the construction of a new Landing Stage at no cost to the Council – effectively assuming that it will be externally funded – although no agreement has yet been reached.

6.0 RISK ASSESSMENT

- 6.1 Generally, Council budgeting processes include an element of risk in respect of the many variables involved. These include:
- New statutory responsibilities
 - Government led or notified activities
 - Demand led activities which may result in the Council have to react to external factors
 - Contractual obligations
 - Market & economic factors including interest rates
- 6.2 To counter these risks and uncertainties, the Council should be proactive in monitoring and controlling its services and budgets and taking prompt corrective action when necessary.
- 6.3 C&E Board budgets that may be considered of at least a medium risk in terms of the possibility of a variation and the corresponding potential impact include Gosport Market income and Concessionary Travel.
- 6.4 Budget risks are considered further in the Council Budget report to P&O Board due to their potential impact on the robustness of the Council budget and reserve levels.

7.0 CONCLUSION

7.1 This report summarises the C&E Board revenue and capital budgets for 2006/07 and 2007/08 together with it's fees and charges and seeks a recommendation of the Board's requirements to P&O Board.

Financial implications:	As contained in the report.
Legal implications:	The Council has to set a balanced and robust budget and is also under an obligation to carry out its functions effectively, efficiently and economically
Service Improvement Plan implications:	The budget submissions reflect both service improvement plans and the corporate plan.
Corporate Plan	
Risk Assessment	As contained in section 6 of the report
Background papers:	Budget working papers
Appendices/Enclosures:	None