SOUTH HOLLAND I.D.B.
ANNUAL ESTIMATES FOR THE FINANCIAL YEAR ENDING 31/03/07 **17th January 2006**

EXPENDITURE	ACTUAL 2004/05 £	ESTIMATE 2005/06 £	PROBABLE 2005/06 £	ESTIMATE 2006/07 £
REVENUE CONTRIBUTIONS TOWARDS CAPITAL EXPENDITURE FOR DRAINAGE WORKS				
Gross Cost of Capital Works	181,052	445,741	482,800	341,000
LESS:-				
Development Contributions Applied	92,521	35,000	35,000	35,000
Capital Receipts Applied - IT Renewals Fund	0	40,000	40,000	0
Capital Receipts Applied - Fixed Plant Renewals Fund	0	85,000	85,000	60,000
Government Grants Receivable	5,478	166,384	204,000	117,000
	97,999	326,384	364,000	212,000
Revenue Contributions towards Capital Works Expenditure	83,053	119,357	118,800	129,000
EA PRECEPT				
Annual Precept Payable to the Environment Agency	188,487	165,963	165,963	157,512
Precept Fluctuation Reserve	0	0	0	0
	188,487	165,963	165,963	157,512
MAINTENANCE				
Drain Maintenance Operations	808,916	935,080	900,659	940,056
Pumping Stations and Structures	225,852	213,067	224,967	242,536
	1,034,768	1,148,147	1,125,626	1,182,592
ADMINISTRATIVE STAFF COSTS				
Staff Salaries	251,688	264,485	264,200	279,700
Employers National Insurance	22,997	24,750	24,965	26,228
Employers Superannuation	38,723	55,097	49,550	51,820
Staff Travelling and Expenses	15,581	16,000	16,000	17,000
Staff Telephones	763	950	800	900
Staff Training	3,648	4,100	2,000	4,000
Employers Stakeholder Contributions	4,168	6,211	5,920	7,847
	337,568	371,593	363,435	387,495
ESTABLISHMENT CHARGES				
Insurances	7,175	7,500	7,418	7,650
Offices and Site Maintenance	6,646	10,300	10,000	10,000
NNDR & Metered Water	6,703	9,000	6,350	8,000
Cleaning Wages and Materials	2,962	3,150	3,100	3,200
Lighting and Heating	2,009	1,875	1,800	1,875
Telephones	3,460	3,875	3,500	3,300
Radio-Telephones maintenance and repairs	1,009	1,100	1,100	1,100
Printing, Stationery and Advertising	3,637	4,050	4,050	4,100
Staff PPE	52	0	0	500
Office Equipment supplies and maintenance	2,829	4,700	4,700	4,800
Computer Services	4,202	5,400	5,400	5,500
Drawing Office supplies and maintenance	1,969	2,600	2,600	2,600
Postages	1,279	1,625	1,750	1,800
	43,932	55,175	51,768	54,425
REVENUE CONTRIBUTIONS TOWARDS CAPITAL EXPENDITURE FOR ESTABLISHMENT PURPOSES				
Office Equipment and IT replacement provision	2,500	8,000	8,000	10,000
Radio Telephones	0	1,000	1,000	1,000
Drawing Office Equipment	826	1,000	1,000	1,000
	3,326	10,000	10,000	12,000

EXPENDITURE (CONT.)	ACTUAL 2004/05 £	ESTIMATE 2005/06 £	PROBABLE 2005/06 £	ESTIMATE 2006/07 £
OTHER CURRENT EXPENSES				
Former Staff Superannuation Charges	3,219	3,650	3,350	3,650
Annual Inspection Expenses	128	1,050	500	1,000
Subscriptions and Conference Expenses	5,272	4,700	4,500	4,700
Members' Travelling Expenses	1,479	1,625	1,500	1,600
Audit Fee	2,310	4,000	4,000	4,000
Professional Charges	10,182	10,000	10,000	25,500
Rateable Value Decreases/(Increases)	642	45,000	5,000	45,000
Sundry Debtors Written Off	0	300	100	300
Sundry Expenses	1,094	1,100	1,100	1,150
	24,326	71,425	30,050	86,900
ABSORPTION ACCOUNTS				
Net Surplus/Deficit on Plant Operating Account	(43,417)	0	0	0
Net Surplus/Deficit on Labour Operating Account	0	0	0	0
	(43,417)	0	0	0
TOTAL EXPENDITURE	**£1,672,043**	**£1,941,660**	**£1,865,642**	**£2,009,924**
LESS: OTHER INCOME				
Rents and Acknowledgements	5,192	5,000	6,100	5,500
Investment Interest	84,319	60,000	90,000	70,000
Engineering and Administration Charges	50	0	0	0
Sundry Income	3,259	4,000	6,700	4,000
Maintenance Contributions	5,400	0	0	0
Profit/(Loss) on Rechargeable Works	3,442	0	12,000	0
	101,662	69,000	114,800	79,500
Net Expenditure for the year	**£1,570,381**	**£1,872,660**	**£1,750,842**	**£1,930,424**
ADD: Provision for Settlement Discount at 2.5%	**£7,693**	**£8,500**	**£7,997**	**£8,500**
NET EXPENDITURE	**£1,578,074**	**£1,881,160**	**£1,758,839**	**£1,938,924**

FINANCED BY:- **RATE INCOME LEVIED BY THE BOARD:**			
Occupiers Drainage Rates	780,162	806,412	806,180
South Holland District Council	926,651	967,741	967,741
Boston Borough Council	683	706	706
	£1,707,496	**£1,774,859**	**£1,774,627**
LESS: NET SURPLUS/(DEFICIT) FOR THE YEAR	**129,422**	**(106,301)**	**15,788**
	£1,578,074	**£1,881,160**	**£1,758,839**

RATE FUND ACCOUNT

Balance brought forward at 1st April	479,150	608,572	608,572
ADD: Net Surplus/(Deficit) for the year	129,422	(106,301)	15,788
Balance carried forward at 31st March	**£608,572**	**£502,271**	**£624,360**

On preparing the estimates for the financial year 2005/06 it was estimated that the Emergency Reserve would amount to £578,565 as at 31st March 2005. The actual Reserve as at 31st March 2005 was £608,572 and it is estimated that this Surplus will be in the region of £624,360 at 31st March 2006. Please refer to the attached note detailing the current position on other Provisions and Reserves.

LAND DRAINAGE ACT 1991 - SECTION 37
DETERMINATION OF ANNUAL VALUES AS AT 31ST DECEMBER 2005

The values at 31st December 2005 used for determining the proportion of expenses to be raised from drainage rates and special levies are as follows:-

PROPERTIES	**LAND** HA	**VALUES** £	**PROPORTION** %	**VALUE PER HECTARE** £
Agricultural Land and/or Buildings	35,406.679	8,271,657	45.318	233.619
Other Land:-				
South Holland District Council	3,031.347	9,973,529	54.642	3,290.131
Boston Borough Council	2.199	7,246	0.040	3,295.134
Totals	**38,440.225**	**£18,252,432**	**100.000**	

Agricultural Land and/or Buildings	35,406.679	8,271,657	45.318	233.619
District Councils'	3,033.546	9,980,775	54.682	3,290.135
Totals	**38,440.225**	**£18,252,432**	**100.000**	

The following table shows the rate/levies estimated for last year, and the rate/levies required for this year based on estimated net expenditure. Option 1 shows the actual rate/levies requirement of 9.05%. Option 2 shows an increase of 2.80% which maintains the real value of the £500k reserve (assuming an inflation rate of 2.40%) but equates to a 3.20% increase for South Holland District Council given the shift in the proportion of the Board's expenditure arising from development during the course of the year. Option 3 shows an inflationary rate increase of 2.40%, which equates to a 2.80% increase for South Holland District Council given the shift in the proportion of the Board's expenditure arising from development during the course of the year. Option 3 is recommended and Members attention is drawn to the 5 year indicative forecast shown overleaf.

FINANCED BY:-	**2005-2006 ESTIMATED** £	**REQUIREMENT 2006-2007 OPTION 1** £	**2006-2007 OPTION 2** £	**2006-2007 OPTION 3** £
Provision from/(Injection into) Emergency Reserve	106,301	0	111,125	118,244
<u>RATES LEVIED:</u>				
Drainage Rates	806,412	878,683	828,324	825,098
South Holland District Council	967,741	1,059,471	998,749	994,859
Boston Borough Council	706	770	726	723
NET EXPENDITURE	**£1,881,160**	**£1,938,924**	**£1,938,924**	**£1,938,924**
Penny Rate in the Pound	9.741p	10.623p	10.014p	9.975p
Rate Increase/(Decrease)	3.40%	9.05%	2.80%	2.40%
Probable Emergency Reserve at 31st March	£502,271	£624,360	£513,235	£506,116
Reserve expressed as a percentage of Net Expenditure	26.70%	32.20%	26.47%	26.10%
<u>RATE PER ACRE:</u>				
Agricultural Land and/or Buildings	£8.91	£10.04	£9.47	£9.43
District Councils'	£125.43	£141.44	£133.33	£132.81

The current headline rate of inflation (Retail Price Index) as indicated by the National Statistics Office is 2.4%

INDICATIVE FORECAST FOR FIVE YEARS (ALLOWING FOR INFLATION AT 2.4%)

OPTION 3 REQUIREMENT…

NET EXPENDITURE	**2006/2007** £	**2007/2008** £	**2008/2009** £	**2009/2010** £	**2010/2011** £
Capital Works	129,000	133,222	143,655	165,356	169,325
EA Precept	157,512	162,867	168,404	174,130	180,050
Maintenance	1,182,592	1,210,974	1,240,037	1,269,798	1,345,773
Administration Regulation and Compliance	461,320	472,392	483,729	495,338	547,226
Finance (Settlement Discount)	8,500	8,716	8,964	9,267	9,874
	£1,938,924	**£1,988,171**	**£2,044,789**	**£2,113,889**	**£2,252,248**
FINANCED BY:-					
Provision from/(Injection into) Emergency Reserve	118,244	0	0	0	0
RATES LEVIED:					
Drainage Rates	825,098	901,002	926,659	957,975	1,020,676
South Holland District Council	994,859	1,086,380	1,117,318	1,155,075	1,230,678
Boston Borough Council	723	789	812	839	894
	£1,938,924	**£1,988,171**	**£2,044,789**	**£2,113,889**	**£2,252,248**
Penny Rate in the Pound	9.975p	10.893p	11.203p	11.581p	12.339p
Rate Increase/(Decrease)	2.40%	9.20%	2.85%	3.38%	6.55%
Probable Emergency Reserve	£506,116	£506,116	£506,116	£506,116	£506,116
Reserve expressed as a percentage of Net Expenditure	26.10%	25.46%	24.75%	23.94%	22.47%
RATE PER ACRE:					
Agricultural Land and/or Buildings	£9.43	£10.30	£10.59	£10.95	£11.67
District Councils'	£132.81	£145.03	£149.16	£154.20	£164.30

Indicative Forecast of Expenditure