

**REPORT TO:** SCRUTINY COMMITTEE - COMMUNITY  
**DATE OF MEETING:** 19 January 2016  
**REPORT OF:** Assistant Director Finance  
**TITLE:** Scrutiny Community - Estimates 2016-17

**Is this a Key Decision?**

Yes

**Is this an Executive or Council Function?**

Council

**1. What is the report about?**

This report sets out the proposed revenue and capital estimates for 2016-17 in respect of Community Services.

**2. Recommendations:**

**That Members of Scrutiny Committee – Community support the estimates for 2016-17 and recommends their approval at the Special Meeting of the Council on 23 February 2016.**

**3. Reasons for the recommendation:**

Local authorities have a statutory duty to set an annual budget and to monitor the budget throughout the year.

**4. What are the resource implications including non financial resources**

The financial resources required to deliver Community Services during 2016-17 are set out in the body of this report.

**5. Section 151 Officer comments:**

This report has been prepared on behalf of the Section 151 Officer to set out the revenue and capital estimates for 2016-17 in respect of Community Services.

**6. What are the legal aspects?**

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. The act places a duty on authorities to set robust estimates, maintain adequate reserves.

**7. Monitoring Officer Comments:**

This report raises no issues of concern for the Monitoring Officer.

**8. Report Details:**

**BUDGET FRAMEWORK FOR COMMUNITY SERVICES**

**8.1 ANNUAL BUDGET SETTING**

Budgets are revisited each year to make amendments for assumptions made on interest rates, inflation and other changed circumstances.

## 8.2 INFLATION

An overall allowance of £112,240 has been set aside for inflation within Community Services. The inflationary increases allowed in the budgets are:

Pay award	1.0%
Pay – Increments	0.5%
Electricity	1.5%
Gas	1.5%
Oil	1.5%
Water	0.0%
Insurance	5.0%
Rates	1.2%
Fuel	0.0%
General Inflation	0.0%
Income (excluding Car Parks)	1.5%

General inflation has again been held at zero; however, where there are contracts in place, inflation at around the Retail Price Index (RPI) has been added.

## 8.3 INTEREST RATES

In respect of interest rates, next year's budget reflects the likelihood that whilst the base rate may remain low, it is likely that they will start to rise during 2016, raising the cost of borrowing. As a result, the Council may begin to take out borrowing over a longer time-frame.

## 8.4 RESOURCES AVAILABLE 2016/17

The Government announced the provisional Local Government Settlement on 17 December 2015. The Council is to receive £2.022 million Revenue Support Grant in 2016/17 and has been set a Business Rates Baseline of £3.780 million, which overall is £156k lower than predicted within the Medium Term Financial Plan. At this stage there is no intention to revisit the budgets set. The final settlement is expected in late January.

The resources available to the Council to finance its net revenue budget are set out below:

	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>
Revenue Support Grant	2,899	2,022	1,320	869	365
Business Rates Baseline	3,748	3,780	3,854	3,968	4,095
Council Tax	4,761	5,030	5,099	5,239	5,383
Business Rates in excess of baseline	1,351	1,320	1,353	1,392	1,404
<b>Resources</b>	<b>12,759</b>	<b>12,152</b>	<b>11,626</b>	<b>11,468</b>	<b>11,247</b>
Increase/(decrease)	(1,125)	(607)	(526)	(158)	(221)
Annual % change	(8.1%)	(4.7%)	(4.3%)	9.1%	(1.7%)

For 2016/17 there will be differential limits that will trigger the need for a council tax referendum. As one of the lowest council tax setting Districts, Exeter will trigger a referendum if council tax is raised by more than £5 (3.7%), compared to the authority's relevant basic amount of council tax for 2015/16.

The budget strategy for next year assumes that council tax will increase in-line with referendum limits, although this decision will need to be recommended by the Executive and approved by Full Council. Along with the increase in the taxbase, this would raise an extra £269,000.

## 8.5 GENERAL FUND CAPITAL PROGRAMME

The proposed General Fund Capital Programme for the next three years has been established; however this is subject to a further review of the pre-approved schemes by portfolio holders and senior managers to ensure that the need for the scheme remains. The total of the current programme is as follows:

	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>
New Bids	115,000	0	0
Pre-approved	932,530	779,000	779,000
<b>Total</b>	<b>1,047,530</b>	<b>779,000</b>	<b>779,000</b>

A list of the proposed new schemes for Scrutiny Committee Community is attached at Appendix 1.

## 8.6 KEY BUDGET CHANGES PROPOSED FOR 2016-17

The table below sets out the key changes between the budgets for the current financial year and the draft estimates for 2016-17. Please also refer to Appendix 2.

The Department for Work and Pensions announced the ending of the National Insurance discount available to employers who offer a salary related pension scheme. This means that the council and its employees will pay the standard rate of National Insurance from April 2016 rather than the discounted contracted-out rate. This change has resulted in an additional budget requirement of £272,970 on the general fund, with the impact on this committee being an increase of £115,500. Amendments have been made to applicable budgets within the individual management units.

The Asset Improvement and Maintenance budgets have been removed from the individual management units and will be held within the Property Assets Team. This is to reflect the change in management of Corporate Property Assets and to enable the implementation of the approved Corporate Property Maintenance Strategy.

MU Code	Management Unit	Commentary
81A4	Public Safety & Enforcement	<ul style="list-style-type: none"> <li>Budget saving made on CCTV and additional income from Homecall Alarm as part of the Council wide saving targets.</li> </ul>
81A6	Grounds Maintenance	<ul style="list-style-type: none"> <li>Savings on operational budgets - Materials, Skip Hire and Clothing &amp; Uniforms.</li> <li>Budget savings on Motor Fuel and Fleet Maintenance.</li> </ul>
81B2	Bereavement Services	<ul style="list-style-type: none"> <li>Saving on Cemeteries maintenance budgets.</li> </ul>
81B&C	Business & Commercial Ops	<ul style="list-style-type: none"> <li>A Business and Commercial Operations management unit has been created as part of the Public Realm restructure. Budgets have been moved to reflect the operational responsibilities of the team.</li> </ul>
81C2	Housing Advisory Services	<ul style="list-style-type: none"> <li>A Partnership Delivery Officer post has been created to provide early help for Exeter families.</li> </ul>
81C4	Private Sector Housing	<ul style="list-style-type: none"> <li>Licence fee income from certain houses of multiple occupation have been realigned with expectations following a mapping exercise to identify unlicensed properties.</li> </ul>
81D2	Domestic Refuse Collection	<ul style="list-style-type: none"> <li>Increased pay reflecting Job Evaluation results and an approved restructure.</li> <li>Additional income and reduced costs reflect agreed savings from bin provision and delivery.</li> <li>Removal of unachievable savings target from a review of the grey fleet.</li> <li>Reduced income and costs as a result of changes to the domestic clinical waste service.</li> </ul>
81D4	Street Cleaning	<ul style="list-style-type: none"> <li>Budget savings on Motor Fuel and Fleet Maintenance.</li> </ul>
81D5	Public Conveniences	<ul style="list-style-type: none"> <li>Savings have been made on utilities budgets.</li> <li>The premises and capital charges budgets have been moved to the 81PRAC management unit.</li> <li>There has been a reduction in the support services recharge budgets.</li> </ul>
81D6	Cleansing Rechargeable Services	<ul style="list-style-type: none"> <li>Increased pay reflecting Job Evaluation results and an approved restructure.</li> <li>Increase in cost of processing garden waste</li> <li>Reduction in cost of trade waste disposal</li> </ul>

MU Code	Management Unit	Commentary
81D7	Exton Road Overheads and Fleet Management	<ul style="list-style-type: none"> <li>• Reduction in estimate for National Non Domestic Rates (NNDR) and fleet costs to reflect current costs.</li> <li>• Recharge to Unapportionable Overheads (see Resources estimates 86A7) for unoccupied space at Oakwood House following administrative staff transfer to the Civic Centre.</li> </ul>
81D8	Recycling	<ul style="list-style-type: none"> <li>• Increased pay reflecting Job Evaluation results and an approved restructure.</li> <li>• Reduced freight costs and a corresponding reduction in income from sale of materials reflecting in changed arrangements with merchants.</li> <li>• Increased income from recharges to other services.</li> </ul>
81E1	General Fund Housing - Property	<ul style="list-style-type: none"> <li>• Budgets reflect the hand back of Shaul's Court following the end of the lease in December 2015 and removal of associated running costs.</li> </ul>
81PRAC	Public Realm Assets - Community	<ul style="list-style-type: none"> <li>• A new management unit has been created to hold the Premises and Capital Charges budgets and to reflect the change in budget management responsibility.</li> </ul>

## 8.7 FEES AND CHARGES

The proposed Fees and Charges for Community Services in 2016-17 are included at Appendix 3.

### 9. How does the decision contribute to the Council's Corporate Plan?

Community Service budgets contribute to 3 key purposes, as set out in the Corporate Plan; keep me/my environment safe and healthy, keep place looking good, help me find somewhere to live

### 10. What risks are there and how can they be reduced?

The key risks revolve around ensuring that the Council has sufficient funds to both meet the financial plans set out in the report and to protect itself against any unexpected expenditure that occurs. The risk is mitigated by ensuring that there are sufficient reserves held to offset unexpected expenditure needs. Regular monitoring is undertaken and reported to both the Strategic Management Team and Members.

### 11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

### 12. Are there any other options?

No

**Assistant Director Finance**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275