

REPORT TO: PLACE SCRUTINY COMMITTEE
DATE OF MEETING: 12 January 2017
REPORT OF: Assistant Director Finance
TITLE: Place Scrutiny Committee - Estimates 2017-18

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 2017-18 in respect of Place Services.

2. Recommendations:

That Members of Scrutiny Committee – Place support the estimates for 2017-18 and recommends their approval at the Special Meeting of the Council on 21 February 2017.

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 Place Services during 2017-18 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 2017-18 in respect of Place 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 PLACE 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 £114,560 has been set aside for inflation within Place 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 assumes that the base rate will remain low meaning the cost of borrowing will remain at current levels. The Council will continue to monitor the cost of borrowing and if it is likely that it will increase borrowing over a longer time-frame will be considered.

8.4 RESOURCES AVAILABLE 2017/18

4 year Settlement

During the settlement for 2016-17, the Government offered Local Authorities the opportunity to apply for a 4 year agreed settlement subject to producing an efficiency plan. The Council took up this offer and were notified in November that the Government had agreed the Settlement.

The provisional settlement for 2017-18 therefore reflects the figures in the Medium Term Financial Plan.

Resources remain as per the medium term financial plan as the Government has agreed the four year settlement.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
RSG	2,022	1,320	869	365	0
Council Tax	5,030	5,338	5,472	5,697	5,925
Business Rates	4,830	5,207	5,360	5,499	5,460
Resources	11,882	11,865	11,701	11,561	11,385
Increase/(decrease)		(17)	(164)	(140)	(176)
Annual % change		(0.1%)	(1.4%)	(1.2%)	(1.5%)

The Government has announced in respect of the local authority tax referendum threshold, that Shire District councils will be allowed increases of less than 2% or up to and including £5, whichever is higher. Upper Tier Authorities may increase their Council Tax by up to three per cent above the threshold as long as the additional income is spent on Adult Social Care. This is on top of the 1.99% increase they may make for other services but can total no more than 6% over the next three years. Exeter's budget strategy for next year assumes that council tax will increase by £5, which, along with the estimated surplus on the collection fund of £87,500 and increase in the tax base will raise an extra £308,000.

8.5 GENERAL FUND CAPITAL PROGRAMME

The proposed General Fund Capital Programme for the next three years has been established. The total of the current programme is as follows:

	2017/18 £'000	2018/19 £'000	2019/20 £'000
New Bids	987	0	0
Pre-approved	22,265	7,556	989
Total	23,252	7,556	989

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

8.6 KEY BUDGET CHANGES PROPOSED FOR 2017-18

The table below sets out the key changes between the budgets for the current financial year and the draft estimates for 2017-18.

- In addition to the key changes below, internal Support Service Allocations have been reviewed producing an increased expenditure for this committee of £550,000, and Capital Charges have increased by £185,000. Please also refer to Appendix 2.
- The budgets for the Senior Management team have been removed from Place Committee and allocated to Corporate Services Committee due to the management restructure.
- There has been an increase in the employers contribution rate in respect of the Local Government Pension Scheme resulting in an increase in the associated budget. This increase has been reflected in the Corporate Services Committee report.

MU Code	Management Unit	Commentary
81A4	Public Safety	<ul style="list-style-type: none"> • Additional income in respect of Home Call Alarm included. • Software maintenance budget in respect of Home Call Alarm Service removed and passed to Strata Service Solutions. • Reduction in CCTV budgets.
81A6	Parks & Green Spaces	<ul style="list-style-type: none"> • Parks and Playing Fields budgets reduced as part of savings plan. • Transfer of various budgets to Public Realm Assets (81F1) to reflect operational responsibilities.
81B&C	Business & Commercial Ops	<ul style="list-style-type: none"> • Budgets in respect of Countryside Recreation removed due to transfer to Devon Wildlife Trust • Increase in National Non Domestic Rates (NNDR) budget due to business rates revaluation.
81D2	Domestic Refuse Collection	<ul style="list-style-type: none"> • Employee costs have been reviewed and allocated to where time is spent • Domestic Clinical Waste Collection budget has been merged with Domestic Refuse.
81D4	Street Cleaning	<ul style="list-style-type: none"> • Support Service allocations to the management unit have increased significantly. • Employee costs have been reviewed and revised to reflect where time is spent.
81D5	Public Conveniences	<ul style="list-style-type: none"> • Operational budgets have been reduced as part of savings plan.
81F1	Public Realm Assets	<ul style="list-style-type: none"> • Increase in National Non Domestic Rates (NNDR) budgets on Car Park Assets due to business rates revaluation. • Asset budgets in respect of Countryside Recreation removed due to the transfer to Devon Wildlife Trust. • Public Conveniences utilities budgets reduced.
83A3	Parking Services	<ul style="list-style-type: none"> • Income budget in respect of off street parking fees has increased significantly. • Pay Budgets have increased due to additional posts being approved. • Transfer of various budgets to Public Realm Assets (81F1) to reflect operational responsibilities.
83A4	Economic Development	<ul style="list-style-type: none"> • Increase due to new recently approved posts and reduction due to moving Assistant Director – Economy Post to new budget for all ADs.
83A5	Arts & Events	<ul style="list-style-type: none"> • Reduction in Events budgets and an increase in the Grants budget.

MU Code	Management Unit	Commentary
83A6	Tourist Information	<ul style="list-style-type: none"> • Increase due to new recently approved posts
83B9	Markets & Halls	<ul style="list-style-type: none"> • Reduction in income from Car Auctions, events and boardroom hire.
83C2	Museum Service	<ul style="list-style-type: none"> • Increase in rates budget
83C3	Contracted Sports Facilities	<ul style="list-style-type: none"> • Reduction in Priority Programmed Works budget.
83C7	Sports Development	<ul style="list-style-type: none"> • New budget created for Sports Strategy.

8.7 FEES AND CHARGES

The proposed Fees and Charges for Place Services in 2017-18 are included at Appendix 3.

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

Place 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:

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