

REPORT TO: CORPORATE SERVICES SCRUTINY COMMITTEE
DATE OF MEETING: 26 January 2017
REPORT OF: Assistant Director Finance
TITLE: Corporate Scrutiny Committee - Estimates 2017-18

Is this a Key Decision?

No

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 Corporate Services.

2. Recommendations:

That Members of Scrutiny Committee – Corporate support the estimates for 2017-18 and recommend 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 Corporate 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 Corporate 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 to the Monitoring Officer.

8. Report Details:

BUDGET FRAMEWORK FOR CORPORATE 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 (£42,320) has been set aside for inflation within Corporate 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	252	0	0
Pre-approved	1832	184	154
Total	2,085	184	154

A list of the proposed new schemes for Scrutiny Committee - Corporate 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 a reduction in expenditure for this committee of £949,960.

This is mainly due to the costs of Strategic Management being held corporately, pending the Senior Management re-structure; previously these were allocated to individual budgets. Furthermore, Capital Charges have increased by £15,880. Please also refer to Appendix 2.

MU Code	Management Unit	Commentary
83A1	Corporate Property – Estates	<ul style="list-style-type: none"> Asset Improvement and Maintenance budget has been reduced. Removal of one year funded budget in respect of South Street redevelopment. Income from property portfolio reduced due to the bus station redevelopment.
86A2	Elections & Electoral Registration	<ul style="list-style-type: none"> The budget in respect of District Council Elections had been reduced.
86A5	Democratic Representation	<ul style="list-style-type: none"> Pay budgets have been increased due to additional posts being included.

MU Code	Management Unit	Commentary
86A6	Grants / Central Support / Consultation	<ul style="list-style-type: none"> Additional budget has been proposed to support the Communications and Marketing function. Movement of part of a post from Central Support to Economic Development to reflect the work being undertaken.
86A7	Unapportionable Overheads	<ul style="list-style-type: none"> The budgeted increase is for the revised employers' contribution rate for the Local Government Pension Scheme which has increased from 14.1% to 15.8%. This budget line holds the increase for all of ECC's employees.
86B3	Human Resources	<ul style="list-style-type: none"> Budgets have increased to include the new Apprentice Levy and an additional number of apprentice posts.
83B5	Corporate Support	<ul style="list-style-type: none"> NNDR budget in respect of Civic Centre has reduced as a result of the business rate revaluation. Pay budgets have reduced due to the transfer of a post to Legal Services.
86B7	Strategic Management	<ul style="list-style-type: none"> This area now includes the budgets for the Assistant Directors, pending the Senior Management restructure.
86B8	Procurement	<ul style="list-style-type: none"> The increase in the pay budget is offset by, at least, an equivalent amount of savings.

8.7 FEES AND CHARGES

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

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

Corporate 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

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