

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – RESOURCES

22 JANUARY 2014

RESOURCES – ESTIMATES/NEW CAPITAL BIDS/FEES AND CHARGES 2014/15

1. INTRODUCTION

- 1.1 Attached are the draft estimates for 2014/15 that were discussed and commented on at a meeting of Scrutiny Committee – Resources on 9th December 2013. Since this meeting, the draft employer's superannuation contributions for 2014-15 and beyond have been announced and are now included, along with slipping a small amount of the savings target in to 2015-16 and increasing the budget for clerical support for individual electoral registration.

2. BUDGET FRAMEWORK

- 2.1 An overall allowance of £353,660 has been set aside for inflation. The inflationary increases allowed in the budget are:

Pay Award	1.0%
Pay – Increments	0.5%
Electricity	8%
Gas	5%
Oil	8.0%
Water	5.1%
Insurance	3.0%
Rates	3.0%
Fuel	6.0%
General Inflation	0.0%
Income (excluding Car Parks)	2.5%

- 2.2 General inflation has again been held at zero; however where there are contracts in place, inflation at around RPI has been added.
- 2.3 In respect of interest rates, next year's budget reflects the likelihood that whilst base rate may remain low, it is likely that the cost of borrowing will increase and the Council may begin to take out borrowing over a longer timeframe as a result.
- 2.4 The Government announced the provisional Local Government Settlement on 18 December 2013. The Council is to receive £7.832 million in 2014-15, which is £40,000 lower than predicted within the Medium Term Financial Plan. At this stage there is no intention to revisit the budgets set and the shortfall can be taken from balances.
- 2.5 The resources available to the Council to finance its net revenue budget are set out below:-

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Government Grant	9,062	7,832	6,714	5,785	5,071
Council Tax	4,391	4,513	4,637	4,767	4,898
Business Rates in excess of baseline	574	783	809	835	864
		0	0	0	0
Resources	14,027	13,128	12,160	11,387	10,833
Increase/(decrease)		(899)	(1,008)	(773)	(554)
Annual % change		-6.4%	-7.7%	-6.4%	-4.9%

- 2.6 The Chancellor of the Exchequer has again provided funding for local authorities who decide to freeze council tax next year. If they do, councils, police and fire authorities will stand to receive an equivalent to raising their 2013/14 council tax by one per cent. In addition, the Government is likely to maintain the local authority tax referendum threshold at two per cent. The budget strategy for next year assumes that council tax will increase by 2%, which will raise an extra £122,000.

Substantial work has been undertaken to identify savings over the next two years. The Savings proposed for this Committee will be set out in more detail later in this report however in total the Council has identified savings as summarised below:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Savings identified		(1,680)	(684)	(55)	0

- 2.7 The proposed General Fund Capital Programme for the next three years has been established and updated to include slippage and the latest New Homes Bonus funding, the current programme is as follows:

Status	2014/15 £'000	2015/16 £'000	2016/17 £'000
New Bids	1,788	1,895	764
Pre-Approved Schemes	6,353	2,016	1,257
Total	8,141	3,911	2,021

- 2.8 A list of the proposed new schemes for Scrutiny Committee Resources is attached at Appendix 2.

3. Key revenue budget proposed changes for 2014/15 and are included in Appendix 1 attached, with the main changes as follows:

MU Code	Management Unit	Detail
86A1	Revenue Collection/Benefits	<ul style="list-style-type: none"> Net additional reduction in cost of administering Housing Benefit payments to claimants based on estimated caseload and performance in 2014-15, although benefit subsidies will not actually be known until January/February 2014. The budget includes a revised staffing structure that will be substantially completed but some may fall in to the next 2015-16 financial year. There has been a reduction in Government grant of £52,500 towards the cost of administering benefits.

86A2	Elections & Electoral Registration	<ul style="list-style-type: none"> • There will be City Council elections in May 2014 combined with running the European elections so £43,000 has been reinstated from the £83,000 reduction in 2013/14, when there were no Exeter City Council elections. • A budget provision of £20,000 for each of the next two financial years for clerical support for individual electoral registration was agreed at Executive on 10 December 2013.
86A5	Democratic Representation	<ul style="list-style-type: none"> • The new post of Scrutiny Programme Officer has been included along with a savings target required to be made in the cost of Member's Expenses or other service costs.
86A6	Grants, Central Support & Consultation	<ul style="list-style-type: none"> • The City Council's share of charitable and hardship rate relief is now chargeable to the Collection Fund. • There have been some increases in rent grants approved by Grants Committee that are matched by rental income received in other cost centres within the council.
86A9	Strategic Community Partnerships	<ul style="list-style-type: none"> • The costs were previously recharged out to management unit 86B6 but have now been left as existing in this management unit.
86B1	Financial Services	<ul style="list-style-type: none"> • Proposed savings and reduced capital charges have been included.
86B3	Human Resources	<ul style="list-style-type: none"> • Savings have been built into the central training budget as a consequence of reorganisations throughout the Council. • The Human Resources Job Evaluations have been completed following reorganisation and the revised grades have now been applied.
86B4	Legal Services	<ul style="list-style-type: none"> • A review of service delivery is in progress.
86B5	Corporate Customer Services	<ul style="list-style-type: none"> • The installation of solar panels at the Civic Centre has reduced energy costs. • The Customer Service Centre costs and recharges are now included within management unit 86A1 above.
86B6	IT Services	<ul style="list-style-type: none"> • A savings target was initially built in to the recovery of IT recharges throughout the Council, but is currently under further review.
86B7	Strategic Management	<ul style="list-style-type: none"> • The senior management at officer level was reduced from three to two from June 2013.
86B8	Procurement	<ul style="list-style-type: none"> • This new management unit has been created as a result of transferring an existing service from the Contracts Unit in Scrutiny Resources – Community.

4. **RECOMMENDATION that :-**

Members are asked to approve the draft estimates and fees and charges.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report:

None