

REPORT TO: SCRUTINY COMMITTEE - ECONOMY
DATE OF MEETING: 22 January 2015
REPORT OF: Assistant Director Finance
TITLE: Scrutiny Economy - Estimates 2015-16

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 2015-16 in respect of Economy Services.

2. Recommendations:

That Members of Scrutiny Committee – Economy support the estimates for 2015-16 and recommends their approval at the Special Meeting of the Council on 24 February 2015.

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 Economy Services during 2015-16 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 2015-16 in respect of Economy 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:

The Monitoring Officer has no issues to raise in respect of the contents of this report.

8. Report Details:

BUDGET FRAMEWORK FOR ECONOMY 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.

8.3 INFLATION

An overall allowance of £55,200 has been set aside for inflation within Economy Services. The inflationary increases allowed in the budgets are:

Pay award	1.0%
Pay – Increments	0.5%
Electricity	3.0%
Gas	2.8%
Oil	4.0%
Water	0.0%
Insurance	3.0%
Rates	2.8%
Fuel	5.0%
General Inflation	0.0%
Income (excluding Car Parks)	2.5%

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 the cost of borrowing will increase and the Council may begin to take out borrowing over a longer time-frame as a result.

8.4 LOCAL GOVERNMENT SETTLEMENT

The Government announced the provisional Local Government Settlement on 18 December 2014. The Council is to receive £6.635 million in 2015/16, which is £11,000 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.

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

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2017/18 £'000
Government Grant	7,833	6,635	5,945	5,412	5,305
Council Tax	4,570	4,761	4,823	4,956	5,092
Business Rates in excess of baseline	1,070	1,124	1,115	1,135	1,172
Resources	13,641	12,520	11,883	11,503	11,569
Increase/(decrease)	(386)	(1,121)	(637)	(554)	(554)
Annual % change	(2.7%)	(8.2%)	(6.4%)	(3.3%)	0.6%

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 2014/15 council tax by one per cent. In addition, the Government has maintained the local authority tax referendum threshold at two per cent. The budget strategy for next year assumes that council tax will increase by 1.99%, which along with the increase in the taxbase will raise an extra £191,000.

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

	2015/16 £	2016/17 £	2017/18 £
New Bids	390,000	0	0
Pre-approved	4,422,580	4,888,330	9,109,330
Total	4,812,580	4,888,330	9,109,330

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

8.5 KEY BUDGET CHANGES PROPOSED FOR 2015-16

The table below sets out the key changes between the budgets for the current financial year and the draft estimates for 2015-16. Please also refer to Appendix 1.

The annual budget for superannuation has reduced by £182,260 in the committee. Superannuation budgets have been adjusted to reflect the requirement for current employees only; previously it included the element of pension back funding in respect of past employees. Amendments have been made to applicable budgets within the individual management units in the committee.

Strata Service Solutions now provide Information Technology services to the council. The effect of this on the annual budgets is that all software licence and telephone budgets have been removed from departmental supplies and services budgets. An equivalent recharge from Strata for software licences, telephones and a general IT recharge has been included in the Support Service budget for departments.

MU Code	Management Unit	Commentary
83A1	Estates & Property Services	<ul style="list-style-type: none"> The budget in respect of the Custom House has been deleted. Rental income budgets have been reduced to reflect the revised levels of rents being received from the property portfolio. A budget has been included in respect of works to improve EPC ratings in commercial properties.
83A2	Transportation	<ul style="list-style-type: none"> The income and expenditure budgets have been removed in respect of the purchase and sale of senior railcards.
83A3	Car Parking	<ul style="list-style-type: none"> Reduction in recharge from Cleansing in respect of sweeping Car Parks. Increase in Capital Charges
83A4	Economic Development	<ul style="list-style-type: none"> Funding for the Rugby World Cup has been included Savings within staffing related to target saving of Economy & Tourism Admin. Target saving on food festival met
83A5	Arts & Events	<ul style="list-style-type: none"> No material changes
83A6	Tourist Information	<ul style="list-style-type: none"> Savings within staffing related to target saving of Economy & Tourism Admin.

MU Code	Management Unit	Commentary
83A8	District Highways & Footpaths	<ul style="list-style-type: none"> Street Naming pay budget removed. Support Service recharge budget in respect of Engineering team increased.
83A9	Building Control	<ul style="list-style-type: none"> The reduction in the superannuation budget and support service recharge budgets has meant the income budgets for Building Control fee earning and Land Charges have been reduced.
83B1	Land Drainage	<ul style="list-style-type: none"> No material changes.
83B4	Engineering/Construction Services	<ul style="list-style-type: none"> A member of staff has transferred to the Property Team (83C5); pay budgets have been amended to reflect the change.
83B5	Planning Services	<ul style="list-style-type: none"> The budget for superannuation has reduced significantly in this management unit.
83B6	Conservation	<ul style="list-style-type: none"> The support service recharge budgets in respect of Engineering and the Property Team have increased.
83B8	Major Projects	<ul style="list-style-type: none"> No changes to budget.
83B9	Markets & Halls	<ul style="list-style-type: none"> Target savings have been met in respect of the Livestock Centre & Corn Exchange.
83C1	Waterways	<ul style="list-style-type: none"> No material changes
83C2	Museums Service	<ul style="list-style-type: none"> No material changes
83C3	Leisure Facilities	<ul style="list-style-type: none"> A one off budget has been included in respect of the new Leisure Facilities complex 3.5% increase to Leisure Management Contract
83C4	Properties	<ul style="list-style-type: none"> No material changes
83C5	Property Team	<ul style="list-style-type: none"> A member of staff has transferred to the Property Team (83C5) from Engineering; pay budgets have been amended to reflect the change.

8.6 FEES AND CHARGES

The proposed Fees and Charges for Economy Services in 2015-16 are included at Appendix 3.

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

Economy 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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