

REPORT TO: SCRUTINY COMMITTEE - RESOURCES
DATE OF MEETING: 28 January 2015
REPORT OF: Assistant Director Finance
TITLE: Scrutiny Resources - 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 Resources.

2. Recommendations:

That Members of Scrutiny Committee – Resources 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 Resources 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 Resources 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 RESOURCES

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 £30,880 has been set aside for inflation within Resources 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%

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

8.5 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%

8.6 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.

8.7 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

8.8 The Capital Programme for Scrutiny Committee Resources is attached at Appendix 2.

8.9 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.

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
86A1	Revenue Collection/Benefits	<ul style="list-style-type: none"> Savings have been made in staffing as part of the Council wide savings targets Income has increased to reflect the recovery of overpayments
86A2	Elections & Electoral Registration	<ul style="list-style-type: none"> A non recurring budget in respect of District Council Elections has been removed. A saving has been made on the Electoral Registration printing and postages budget as part of the Council wide saving targets.
86A4	Civic Ceremonials	<ul style="list-style-type: none"> Savings have been on overtime budgets, this is part of the Council wide savings targets. Additional income budget in respect of the Guildhall
86A5	Democratic Representation	<ul style="list-style-type: none"> A saving have been made on pay and printing budgets as part of the Council wide savings targets The budget in respect of members allowances has been increased
86A6	Grants/Cent Supp/Consultation	<ul style="list-style-type: none"> Savings have been made on the Exeter Citizen, printing, Emergency Planning and the budget in respect of the intranet.
86A7	Unapportionable Overheads	<ul style="list-style-type: none"> The costs of pension back funding in respect of past employees have been transferred to 86A7 with compensating savings across all other ECC services.
86A9	Strategic/Community Partners	<ul style="list-style-type: none"> Savings have been made on the staffing budget in respect of Anti Social Behaviour.
86B1	Financial Services	<ul style="list-style-type: none"> A restructure has reduced the pay budget.
86B2	Internal Audit	<ul style="list-style-type: none"> A reduction in audit days in line with agreed savings has reduced the pay budget.
86B3	Human Resources	<ul style="list-style-type: none"> The training budget has been reduced as agreed to be included in the contract payment to Strata Services.
86A4	Legal Services	<ul style="list-style-type: none"> A post has been deleted as part of the required savings; the pay budget has been adjusted to reflect the change.

MU Code	Management Unit	Commentary
86B5	Corporate Customer Services	<ul style="list-style-type: none"> • The Civic Centre electricity budget has been reduced as a result of changing to LED lighting. • A saving has been made on the postage budget due to change of supplier. • Additional rental income will be received, the rental income budget has been increased to reflect this.
86B6	IT Services	<ul style="list-style-type: none"> • The budgets for IT Services are reflected in the contract payment for Strata Services as described in 8.9 above.

8.10 FEES AND CHARGES

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

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

Resources budgets contribute to 3 key purposes, as set out in the Corporate Plan; maintain the assets of our city, well run Council and customer access to help me with my housing and financial problem.

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