



REPORT of DIRECTOR OF RESOURCES

**to
FINANCE AND CORPORATE SERVICES COMMITTEE
27 NOVEMBER 2018**

2019 / 20 BUDGET PROPOSALS

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to consider the proposals for revenue growth, fees and charges policy, Capital projects and use of the repairs and renewals reserve that have been put forward by Officers, prior to the approval of the 2019 / 20 budget and updated medium term financial strategy by the Council in February 2019.
- 1.2 For proposals relating to areas under the remit of the Customer & Communities, and Planning & Regulatory Services Committees, proposals have been reported there, prior to this meeting. Should any updates be required to the appendices following these Committees, these will be advised to Members at the meeting.

2. RECOMMENDATIONS

- (i) that comments are invited on the revenue growth items **APPENDIX A** and Members identify which items should be included for consideration in the 2019 / 20 budget;
- (ii) that the updated fees and charges policy areas outlined in **APPENDIX B** for 2019 / 20 be adopted.
- (iii) that the Repairs and renewals projects set out in **APPENDIX D** are considered and Members agree which items should be funded from the Repairs and Renewals reserve.

To the Council:

- (iv) that the Capital project bids set out in **APPENDIX C** to this report are considered and Members identify which items should be included for consideration in the 2019 / 20 capital programme.

3. SUMMARY OF KEY ISSUES

- 3.1 For 2019 / 20, the Council is building a zero-based budget. This starts with a base of zero, expenditure must then be justified to be built into budget. Service Managers were asked to ensure that budgets are only built for existing service provision and any growth bids should only be put forward if essential.

3.2 The proposals relating to the Community Services and Planning & Licenses Committee's will have been presented there ahead of this meeting. Any comments will be fed back at the meeting.

3.3 **Medium Term Financial Strategy (MTFS)**

3.3.1 The MTFS is being reviewed for the 2019 / 20 year, prior to budget approval. This will be taken to the January / February Committee cycle for the Finance and Corporate Services Committee and Full Council.

3.3.2 Sections 3.3.3 onwards detail the changes in the MTFS from that previously reported, and the areas that are still to be confirmed. It is currently anticipated that 2019 / 20 will be a balanced budget. Members are considering policy in relation to Council Tax. A Budget Seminar is being held in November 2018 for Members.

3.3.3 **Council Tax increase**

3.3.3.1 The Consultation for the 2019/20 Local Government Finance Settlement proposes that two tier shire councils may increase their Band D charge by up to £5. An increase of 2.56% has been built into the MTFS which increases the Band D charge from £192.97, to £197.91, and generates an additional £121,000 of income into the base budget compared to no increase.

3.3.4 **Collection Fund**

3.3.4.1 The Collection Fund is an account that is administered by the Authority for recording receipts from Council tax and business rates and payments to the General Fund and other public authorities including Central Government.

3.3.4.2 At the end of 2018 / 19, it is forecast that the contribution from Business Rates will be positive, and therefore there is additional income that can be built into the MTFS for this.

3.3.4.3 The figures that are built into the MTFS for Business Rates for 2019 / 20 are determined by the Authorities National Non Domestic Rates (NNDR) 1 return. This is submitted in January, and the template is not normally released until December. Estimations are currently included in the MTFS; however these figures are subject to change.

3.3.5 **Investment Income**

3.3.5.1 In August 2018, the bank base rate increased by 0.25% to 0.75%. The Authority's Investment Portfolio is becoming increasingly diversified, and includes investments that are not directly linked to interest rates.

3.3.6 **Income**

3.3.6.1 A major source of income for the Authority is waste recycling. It was reported to the Council in February 2018 that China were no longer accepting all recycling, and therefore the price has significantly dropped. This has had an anticipated negative impact on the income to the authority of £92,000.

3.3.7 Pension

- 3.3.7.1 The MTFS includes an allowance for the pension strain to contribute to reserves to enable a three year forward funding arrangement in 2020 / 21. Subject to Committee approval.

3.4 **Revenue Budget Growth**

- 3.4.1 Budget growth proposals are set out in **APPENDIX A** for consideration, and agreement on which items will be moved forward for inclusion in the budget process.
- 3.4.2 **APPENDIX A** details budget growth proposals totalling £108,700. £83,400 of this relates to one off costs for the administration of the District Election in May 2019. This event only happens once every four years and therefore is not included within the core budget. For other elections, the Electoral commission cover the cost of the election, however the cost of a District election must be borne by the Local Authority.
- 3.4.3 The remaining bids relate to the extension of temporary staffing contracts in the waste department, a six month extension to a 2018 / 19 growth bid on staffing and an increase in fees chargeable for the testing of shellfish.

3.5 **Fees and Charges**

- 3.5.1 Fees and charges set by the Council are one area where the Council may have the ability to generate increased resources, however each area is subject to different constraints. In looking at these policies, the following factors need to be considered:
- Corporate and service objectives / priorities;
 - Seeking to make services self-financing, where there is scope to do so;
 - The level of charges levied by commercial competitors and other local authorities;
 - The introduction of new charges, where appropriate;
 - Whether concessionary charges for specific users of the service would apply.
- 3.5.2 **APPENDIX B** shows the fees and charges policy for the adoption of this Committee with detail where a policy is proposed to be amended.

3.6 **Capital**

- 3.6.1 The 2019 / 20 project bids set out in **APPENDIX C** have been categorised by Officers into three main groups:
- Essential (E): Failure to carry out the project is likely to have health and safety implications and/or will have fundamental impact on service provision
 - Service failure (SF): Relating to an operational asset that requires capital funding to ensure continued reliability or service provision;
 - Service improvement (SI): An asset that can be updated / upgraded to improve performance or function;

3.6.2 As part of the budget strategy the broad principles adopted in relation to capital are that expenditure should be financed from existing capital resources and not directly from revenue.

3.6.3 At the start of 2018 / 19 the Council had capital reserves totalling £3.56 million. £1.012m is scheduled to be used to support the 2018 / 19 capital programme, which will leave £2.548m to support future programmes for 2019 / 20 and beyond.

3.7 Repairs and Renewals

3.7.1 The Council has a Repairs and Renewal Reserve; this reserve is there to provide funds to support additional costs arising from the need to maintain the Council's asset base. At the start of 2018 / 19, the reserve totalled £225,300. Projects already committed in 2018 / 19 are scheduled to draw £47,000 from the fund leaving a balance of £178,300.

3.7.2 Repairs and Renewals projects totalling £117,000 are set out in **APPENDIX D** for consideration.

4. CONCLUSION

4.1 It is essential for Members to consider the proposals set out in this paper in order to allow sufficient time for this to be built into the 2019 / 20 budget setting process.

4.2 Members are asked to adopt the fees and charges policy to enable Officers to set the proposed fees and charges levels for 2019 / 20.

4.3 Members are invited to comment on the capital scheme prior to their inclusion in the 2019 / 20 budget.

4.4 Members are invited to agree on the Repairs and Renewals projects to be funded from the reserve.

5. IMPACT ON CORPORATE GOALS

5.1 The Strategic and Financial Planning process contributes towards our Corporate Goal "Delivering good quality, cost effective and valuable services".

5.2 Each of the revenue proposals is also linked to the corporate goals.

6. IMPLICATIONS

(i) **Impact on Customers** – The fees and charges are for discretionary services and therefore impact on service users.

(ii) **Impact on Equalities** – None.

(iii) **Impact on Risk** – None.

- (iv) **Impact on resources (financial)** – As outlined in this report.
- (v) **Impact on Resources (human)** – As well as financial factors, availability of staff has been considered for each of the projects and this has been included.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

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