



## **REPORT of DIRECTOR OF RESOURCES**

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to  
**FINANCE AND CORPORATE SERVICES COMMITTEE  
28 NOVEMBER 2017**

### **2018 / 19 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 2018 / 19 budget and updated medium term financial strategy in January 2018.
- 1.2 For all areas, the Customer & Communities, and Planning & Regulatory Services proposals have been reported to their relevant Committees prior to being reported here. 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 2018 / 19 budget;
- (ii) that the updated fees and charges policy areas outlined in **APPENDIX B** for 2018 / 19 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 2018 / 19 capital programme.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 For 2018 / 19, 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 **Medium Term Financial Strategy (MTFS)**

3.2.1 The MTFS is being reviewed for the 2018 / 19 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.

3.2.2 Sections 3.2.3 onwards below details the changes in the MTFS from that previously reported, and the areas that are still to be confirmed. It is currently anticipated that 2018 / 19 will be a balanced budget. Members are considering policy in relation to Council Tax and New Homes Bonus. Budget Seminars are being held in November 2017 for Members.

### 3.2.3 Collection Fund

3.2.3.1 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.

3.2.3.2 At the end of 2017 / 18, 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. Work is currently underway to clarify the estimated position to be built into the budget.

3.2.3.3 The figures that are built into the MTFS for Business Rates for 2018 / 19 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.

### 3.2.4 Investment Income

3.2.4.1 In October 2017, the bank base rate increased by 0.25% to 0.50%. The Authority's Investment Portfolio is becoming increasingly diversified, and includes investments that are not directly linked to interest rates. Due to the newer investment types, it is currently estimated that an additional £70,000 can be built into the 2018 / 19 budget.

### 3.2.5 Income

3.2.5.1 A major source of income for the Authority is planning income. There are a number of strategic sites in the District and the income from these is highly dependent on the timing of the projects. Since the last update, two sites have been delayed and therefore the MTFS has had to be revisited to re-profile the income. The total figure is still anticipated to be received over the long term; however there has been a 12 – 18 month delay in the receipt of this income.

### 3.2.6 Pension

3.2.6.1 At the Council meeting on 16 February 2017, Members approved an advanced payment of pension deficit. This was paid in April 2017. In 2020 / 21, Members can consider making a similar payment to reduce the deficit.

### 3.3 Revenue Budget Growth

- 3.3.1 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.
- 3.3.2 There is an item in **APPENDIX A** relating to the upgrade of software for the car park machines to enable them to continue taking card payments. There is also a capital bid requesting funds to replace the car parking machines all together, this is requested to improve reliability of the machines and also to enable additional forms of payments such as contactless. If the capital bid is approved, then this revenue bid will not be required.
- 3.3.3 There is a planning growth bid in relation to the Homelessness Reduction Act that will be coming into force as from April 2018. There are two main aspects to enable the implementation of the act; the growth bid is for the new IT system requirement, however there is also a staffing need. A new burdens grant of £60,000 is being received over three years which will cover this fixed term post for two years. The full impact of the Homelessness Reduction Act is not yet known, and there could be an increase on the demand for bed and breakfast and other types of temporary accommodation, however the budget has been prepared with a conservative view and will be reviewed mid-way through the year and Officers will come back to Members if necessary.

### 3.4 Other Matters

- 3.4.1 Groups or areas within the District are entitled to create their own Neighbourhood Plan detailing their aspirations for their local area, but must tie into our Local Development Plan. It is unknown which areas may wish to make a designation, or how complex a designation may be, and therefore this hasn't been included as a growth bid. A reserve is available that has been created from previous unused Neighbourhood Grant funding, but should additional funds be required, then this will be dealt with by way of a supplementary estimate.

### 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 2018 / 19 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 2017 / 18 the Council had capital reserves totalling £3.51 million. £1.69m was scheduled to be used to support the 2017 / 18 capital programme, which will leave about £1.82m to support future programmes for 2018 / 19 and beyond.

3.6.4 The item relating to the Council windows is dependent on any decision relating to the future use of the Council Offices. Investment in the offices is essential to maintain them as the functional Council Offices, however if alternative options for the Council are decided upon, this item will not be required.

### 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 2017 / 18, the reserve totalled £225,300. Projects already committed in 2017 / 18 are scheduled to draw £14,000 from the fund leaving a balance of £211,300.

3.7.2 Repairs and Renewals projects 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 2018 / 19 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 2018 / 19.

4.3 Members are invited to comment on the capital scheme prior to their inclusion in the 2018 / 19 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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