

**POLICY, FINANCE AND ADMINISTRATION COMMITTEE**

**25 JANUARY 2017**

**REPORT OF HEAD OF CENTRAL SERVICES**

**REVENUE AND CAPITAL BUDGET PROPOSALS 2017/18**

**1.0 PURPOSE OF REPORT**

- 1.1 To outline the key budget issues that will be going forward to the Council's budget setting meeting on 8<sup>th</sup> February 2017 and provide the opportunity for Members to comment on these in advance of the meeting.

**2.0 RECOMMENDATION**

- 2.1 **That Members provide any comments on the revenue and capital budget proposals for submission to the Council meeting on 8th February 2017.**
- 2.2 **That members provide delegated authority to the Head of Central Services to amend the amount in the capital programme once funding confirmation has been received in respect of Disabled Facilities grant as referred to in para 3.4.2**

**3.0 KEY ISSUES**

**3.1 Background**

- 3.1.1 A Strategic Planning Away Day was held on the 11th January 2017 for all Members to discuss the Council's financial position with regard to general and special expenses including proposals for growth and savings and capital programme submissions alongside available funding for 2017/18. The future outlook for the council's finances was also discussed. Guidance was provided to officers on the proposals that members were likely to support in order to prepare the relevant reports for both this committee meeting and the Council meeting to be held on 8<sup>th</sup> February 2017.

**3.2 Finance Settlement**

- 3.2.1 The provisional local government finance settlement was announced on 15<sup>th</sup> December 2016. The settlement is subject to consultation which closed on 13<sup>th</sup> January 2017. Following the consultation final figures are provided to councils. Further details if available will be included within the budget report to Full Council in February.

**3.3 Revenue Budget 2017/18**

- 3.3.1 The key budget proposals arising from the Strategic Planning Away Day are as follows:
- to propose an overall increase in council tax across all funds of £5, with parish special expenses set at the level to result in a balanced budget, Special Expenses Melton Mowbray 0% and the balance to apply to general expenses.
  - To propose the items of growth set out in Appendix A be approved for funding and included in the budget. This includes £22,680 of on-going funding and £225,290 of non-recurring funding to be funded from the Corporate Priorities Reserve. The

Wheels to work item was slightly lower than that proposed in order to result in a balanced budget

- One savings proposal was presented for members consideration as set out in Appendix B. Following members deliberations it was agreed to not take forward this saving proposal at the present time but to defer this to the following year to be considered alongside the delivery of other savings outlined in the Councils efficiency plan.

3.3.2 These proposals result in a balanced budget on the General Fund for 2017/18.

### 3.4 **Capital Programme 2017/18**

3.4.1 Members considered the allocation of funding to General Expenses at the Strategic Planning Away Day. No proposals for Special Expenses Melton Mowbray were put forward for consideration. The schemes proposed for funding and the source of that funding for General Expenses is set out in Appendix C. The proposed capital programme in respect of the Housing Revenue Account is included as Appendix D which includes one amendment from that approved by the Community and Social Affairs Committee at its meeting on 16<sup>th</sup> November 2016 relating to Health and Safety works which has been funded from underspends elsewhere within the programme for 2016-17. The 2017-18 programme remains unaltered.

3.4.2 In respect of disabled facilities grants (DFGs) historically the Government allocation for mandatory DFGs came directly from the Department of Communities and Local Government. Since 2015-16 they passed the funding to County Council as part of the Better Care Fund (BCF) Package. Melton Borough Council has provisionally been allocated £241k from this fund for mandatory disabled adaptations. The current amount included in the capital programme for 2017/18 is £237k, therefore it is recommended that the Head of Central Services is given delegated authority to amend the amount in the capital programme once funding confirmation has been received. Historically Melton Borough Council has contributed to the budget for DFGs in recent years the contribution has been £50k. With the council's limited capital funding available this is now unaffordable and it is anticipated that this contribution will not be necessary as the Better Care Funding should be adequate to fulfil our requirements. The BCF has not been fully allocated and Melton Borough Council may be able to bid for additional funds if appropriate to do so not just for DFGs but also for complimentary projects that reduce the need for DFG funding.

## 4.0 **POLICY AND CORPORATE IMPLICATIONS**

4.1 The process followed with regard to the setting of the Council's budget is in line with the Service and Financial Planning timetable. Proposals for enhancements are assessed including their link to the Council's Priorities and the One Council Corporate Delivery Plans and other corporate documents.

4.2 This process provides for an annual Strategic Planning Away Day to be held. This has enabled all members to have early sight of full budget proposals and to ask questions in order to gain a full understanding of the council's financial position, the priorities against which its financial plans are made and discuss revenue and capital budget proposals. This enables direction to be provided in advance of the Council meeting in terms of the reports presented. Both revenue and capital proposals had already progressed through individual policy committees earlier in the process. There was also an Autumn away day held to review an initial high level budget position and overview of the efficiency plans.

## 5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 The finance settlement represents significant losses of funding to the council. With the future uncertainty and risks facing local authorities due to both the funding cuts and also the changes to the funding regime relating to business rates and other core grants it is essential the council looks to how this can be managed in a planned way. The

development of efficiency plans is a key element in how Melton is looking to address the funding gap and it is essential for the long term health of the authority these are delivered. This is evident with the latest position for 2017/18 estimating a balanced budget but in later years a surplus is estimated based on the delivery of the efficiency programme.

## **6.0 LEGAL IMPLICATIONS/POWERS**

6.1 There are no direct legal implications of this report.

## **7.0 COMMUNITY SAFETY**

7.1 Individual budgets could have links to community safety issues. These are covered in any associated reports and financial forms that refer to these budgets as they progress through the decision making process.

## **8.0 EQUALITIES**

8.1 Should it be considered that elements of the budget proposals may have equalities issues then these have been considered by the service area and assessed accordingly. The position is set out in the attached reports to Council.

## **9.0 RISKS**

9.1 There is always the risk that an item of income or expenditure is not adequately reflected in the budget for any financial year. The process followed as set out in the Service and Financial Planning timetable is aimed at mitigating this risk. However, the Council has a working balance which is annually reviewed and calculated on a risk based approach. This working balance is there to provide for any variations in actuals against budget that could not have been anticipated at this stage. The detailed calculations were presented to this committee as part of the budget framework report approved in September 2016. In addition, the Council has a process for enabling budgets to be moved from one area to another to help ensure the overall position is not affected.

9.2 Risks will be more fully detailed when the budget is presented to Full Council based on the position at that time.

9.3 The Council has a corporate risk relating to the availability of government funding and the impact on the Council's finances. An action plan is in place to support this risk as reported to the Governance Committee

## **10.0 CLIMATE CHANGE**

10.1 Individual budget heads could have climate change issues but these are considered individually as they progress through the approval process.

## **11.0 CONSULTATION**

11.1 The Council's corporate priorities were approved following consideration of national priorities, local intelligence, partner's priorities, community views, internal requirements and future challenges. These have been taken into account as part of the budget setting process.

11.2 The Service and Financial Planning Timetable sets out the Council's approach to consultation and its links to the budget setting process. All Heads of Service and Members are involved in the process at various stages.

- 11.3 Union representatives were invited to attend the Autumn Away Day, BSPWG meeting held in November and the Strategic Planning Away Day in order to facilitate communication with staff representatives.
- 11.4 The Town Area Committee were consulted on proposals for Special Expenses Melton Mowbray.
- 11.5 Business ratepayers are being consulted on revenue and capital spending plans via the council's website. The outcome of which will be reported to The Council when the budget is considered.
- 11.6 The Strategic Planning Away Day has been held annually for some considerable years. This enables all members to have early sight of full budget proposals and to ask questions in order to gain a full understanding of the council's financial position, the priorities against which its financial plans are made and discuss revenue and capital budget proposals. This enables direction to be provided in advance of the Council meeting in terms of the reports presented. In addition to this there was also an Autumn away day held to review an initial high level budget position and overview of the efficiency plans

## 12.0 **WARDS AFFECTED**

- 12.1 All wards will be affected

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Contact Officer:	Dawn Garton Head of Central Services
Date:	16th January 2017
Appendices:	Appendix A – General expenses growth proposals recommended for funding Appendix B – General expenses full list of savings proposals Appendix C – General expenses capital projects recommended for funding Appendix D – HRA proposed capital programme
Background Papers:	Budget Working Papers Strategic Planning and Budget 'Away Day' notes
Reference:	X: C'tees, Council & Sub-C'tees/PFA/2016-17/25-01-17/DG – Revenue and Capital Budget Proposals 2017-18