

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

24 JANUARY 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

REVENUE AND CAPITAL BUDGET PROPOSALS 2018/19

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 7th February 2018 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 7th February 2018.**

3.0 KEY ISSUES

3.1 Background

- 3.1.1 A Strategic Planning Away Day was held on the 10th January 2018 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 2018/19. The future outlook for the Council's finances was also discussed including an overview of the Councils Budget Management Strategy which has been developed to help address the current budget gap over the medium term. 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 7th February 2018.

3.2 Finance Settlement

- 3.2.1 The provisional local government finance settlement was announced on 19th December 2017. The settlement is subject to consultation which closed on 16th January 2018. 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 2018/19

- 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 by 2.99%, 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 savings options totalling £165,000 that were presented for members consideration as set out in Appendix A. The options set out in Appendix B were not proposed for inclusion in the budget.
 - To propose the items of growth set out in Appendix C be approved for funding and included in the budget. This includes a net £83,860 of on-going funding to be

funded from the base budget and nil for non-recurring funding to be funded from the Corporate Priorities Reserve.

- There was one growth item proposed for Special Expense's for £23,350 as set out in Appendix D. There were no savings proposals put forward for this fund.

3.3.2 These proposals plus an amendment to budget funding projections since the away day relating to the business rate forecasts following a review of the NNDR1 submission has identified the Council will be entitled to additional Section 31 grant resulting in a budget deficit of £269k on the General Fund for 2018/19 (which is lower than the deficit figure presented at the away day). However the budget will need to be updated for the outcome of the planning proposals set out elsewhere on this agenda and also any other changes that arise before the papers are despatched for the meeting of the council. Members should note that one key area still to be resolved is the Wheels to Work budget following the withdrawal of external funding. In order to balance the budget for 2018/19 it is proposed to fund this from a combination of the Spending Pressure Reserve as the first call then the balance from the Corporate Priorities Reserve. Members may recall the Spending Pressure Reserve was created as a fund to help balance the budget going forward whilst steps are taken to generate the necessary efficiencies required for a longer term sustainable solution. The Council has been working on a Budget Management Strategy which is aimed at addressing the budget deficit in a sustainable way going forward and sets out a number of potential savings and income generation projects for further development and prioritisation.

3.4 **Capital Programme 2018/19**

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 E. The proposed capital programme in respect of the Housing Revenue Account is included as Appendix F which has been reviewed in-line with the updated Housing Asset Management Plan and was presented to the Community and Social Affairs Committee at its meeting on 23rd January 2018.

3.4.2 Members will note that within the current proposed capital programme for 2018/19 that there is a limited number of capital schemes at present. However, the Council will be undertaking further prioritisation work and preparing project mandates / business cases which will come forward during the forthcoming financial year.

3.4.3. Alongside this as part of the updated Prudential Code for Capital Finance in Local Authorities relating to the Councils published in late December 2017 now includes a requirement to produce a Capital Strategy which links into the Treasury Management Strategy. When this element of the code was first highlighted in the initial consultation officers begun work with our treasury advisors to help develop an updated capital strategy which continues to be developed but will require some work around prioritisation of key projects and future direction of the Councils resources. Therefore, officers intend to bring an updated Capital Strategy to members during 2018/19 to meet the new requirements of the code which will also help shape the future capital programme.

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.

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 a Budget Management Strategy 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 2018/19 estimating a budget deficit but in later years a surplus is estimated based on the delivery of the Budget Management Strategy.

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 Strategic Planning Away Day in order to facilitate communication with staff representatives.
- 11.4 The Chair of the Town Area Committee was 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.

12.0 WARDS AFFECTED

- 12.1 All wards will be affected

Contact Officer:	Dawn Garton, Director for Corporate Services
Date:	15th January 2018
Appendices:	Appendix A – General expenses full list of savings proposals Appendix B – General expenses savings not recommended Appendix C – General expenses growth proposals recommended for funding Appendix D – Special Expenses growth proposals recommended for funding Appendix E – General expenses capital projects recommended for funding Appendix F – 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/2017-18/24-01-18/DG – Revenue and Capital Budget Proposals 2018-19