

## **CORPORATE COMMITTEE**

**30 JANUARY 2019**

### **REPORT OF DIRECTOR FOR CORPORATE SERVICES**

#### **REVENUE AND CAPITAL BUDGET PROPOSALS 2019/20**

##### **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 13<sup>th</sup> February 2019 and provide the opportunity for Members to comment on these in advance of the meeting. The report also provides detail for those items approved under delegated authority for all committees that are required to be reported to committee.

##### **2.0 RECOMMENDATION**

- 2.1 That Members provide any comments on the revenue and capital budget proposals for submission to the Council meeting on 13<sup>th</sup> February 2019.

- 2.2 The virements approved under delegated powers (para. 3.5 refers) be noted

- 2.3 The budget reductions approved under delegated powers (para. 3.6 refers) be noted

##### **3.0 KEY ISSUES**

###### **3.1 Background**

- 3.1.1 The Council held a Strategic Planning Development Day on the 16<sup>th</sup> January 2019 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 2019/20. The future outlook for the Council's finances was also discussed including an overview of the Council's Budget Management Strategy which has been developed to help address future budget gaps 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 13<sup>th</sup> February 2019.

###### **3.2 Finance Settlement**

- 3.2.1 The provisional local government finance settlement was announced on 13<sup>th</sup> December 2018. The settlement is subject to consultation which closed on 10<sup>th</sup> January 2019. 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 2019/20**

3.3.1 To facilitate the re-distribution of resources to support Council priorities, areas requiring additional capacity to address resilience issues and the achievement of a balanced budget, the council is considering a number of growth and saving proposals:"

- to propose an overall increase in council tax across all funds of 2.99%, with parish special expenses set at the level to result in a balanced budget.
- to propose the savings options totalling £66,100 that were presented for members consideration as set out in Appendix A.
- To propose the items of growth set out in Appendix B be approved for funding and included in the budget. This includes a net £51,800 of on-going funding to be funded from the base budget and £18,000 of non-recurring funding to be funded from the Corporate Priorities Reserve.
- There was no savings or growth items proposed for Special Expenses.

3.3.2 The current projected deficit on the General Fund is £14k before consideration of the above proposals which if approved would reduce the deficit to £1k. However there are still some budget amendments required to inform the future projections relating to the business rate forecasts following the review of the NNDR1 submission and incorporating the impact of members allowances review. The final budget position will be reported to Council at its meeting on 13<sup>th</sup> February as officers continue to finalise the budget and this may require the use of reserves to balance if a deficit position is still forecast. The Council will continue to work on its Budget Management Strategy in order to address any future budget deficits 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 2019/29**

3.4.1 Members considered the allocation of funding for General Expenses at the Member Development Day. 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 E which has been reviewed in-line with the updated Housing Asset Management Plan and was presented to the Place Committee at its meeting on 31<sup>st</sup> October 2018. At present there are no Special Expenses capital schemes proposed for 2019/20.

3.4.2 Members will note that within the current proposed capital programme for 2019/20 that there is a limited number of capital schemes at present. However, the Council will be undertaking further commercial appraisals and prioritisation work and preparing business cases which may 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 which was published in late December 2017 it now includes a requirement to produce a Capital Strategy which links into the Treasury Management Strategy. Officers have been working with our treasury advisors to help develop an updated capital strategy to meet the new requirements of the code which will help shape the future capital programme and is presented elsewhere on this agenda.

### **3.5 Virements – Delegated Authority**

Since the last meeting the Director for Corporate Services has approved seven requests for virement within the same service totalling £298,830 and three requests for virement between services totalling £44,300. More details of those requests in excess of £10,000 can be found in Appendix E.

### **3.6 Budget Reductions**

The items outlined in Appendix F have been identified as surplus money in 2018-19 and have been approved as budget reductions under delegated authority. These savings, unless non recurring in nature are still included in the base budget but have been ring-fenced to help cover overspends elsewhere across the Council.

## **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 Corporate Planning and Budget timetable. Proposals for enhancements are assessed including their link to the Council's Priorities and the Council's Corporate Delivery Plan and other corporate documents.

4.2 This process provides for an annual Development Day to be held. This has enabled all members to have early sight of 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. 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. There is little certainty at the present time regarding the level of funding the Council could expect to receive from 2020/21 onwards following the current review of funding and business rates and therefore forward projections should be considered within this context.

## **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. One of the budget saving options relates to the potential reduction in funding provided to Bottesford Youth Club. Discussions are underway with Bottesford Parish Council and the Community Safety Partnership about potential alternative sources of funding, however if these are not found and the youth club closed there would be a reduction in the amount of provision for young people which could have community safety implications.

## **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. Equality impact assessments (EIA's) have been undertaken for all the savings proposals outlined in Appendix A apart from the Mayoral arrangements whereby no implications were envisaged. No major concerns have been raised as a result of the EIA reviews. Some impact information was requested from consulted stakeholders but this hasn't been provided which indicates they don't foresee any impact from the savings proposals contained with this report.

## **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 corporate planning and budget 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 2018. 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 and articulated within the Corporate Delivery Plan 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 corporate planning and budget framework sets out the Council's approach to consultation and its links to the budget setting process. All Directors and Members are involved in the process at various stages.
- 11.3 Union representatives were invited to attend the Development Away Day in order to facilitate communication with staff representatives but declined to attend. However, they have been regularly briefed alongside the Joint Staff Working Group.
- 11.4 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.
- 11.5 The Member Development 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.
- 11.6 The Council has also discussed the proposals and potential implications with the relevant stakeholders including:
- Bottesford Youth Club,
  - Bottesford Parish Council,
  - Clockwise Credit Union,
  - Citizen's Advice Bureau,
  - Shopmobility

## 12.0 **WARDS AFFECTED**

### 12.1 All wards will be affected

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Contact Officer:	Dawn Garton, Director for Corporate Services
Date:	16th January 2019
Appendices:	Appendix A – General expenses savings proposals Appendix B – General expenses growth proposals recommended for funding Appendix C – General expenses capital projects recommended for funding Appendix D – HRA proposed capital programme Appendix E – virements in excess of £10k summary Appendix F – Budget Reductions 2018-19
Background Papers:	Budget Working Papers Member Development Budget 'Away Day' notes
Reference:	X: C'tees, Council & Sub-C'tees/Corporate/2018-19/30-01-9/DG – Revenue and Capital Budget Proposals 2019-20