



Corporate Policy and
Resources

Thursday 14 February 2019

Subject: Corporate Policy and Resources draft Budget 2019/20 and estimates to 2023/24

Report by:

Executive Director of Resources

Contact Officer:

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Purpose / Summary:

The report sets out details of the overall Draft Revenue Budget 2019/20 including that of this Committee and those recommended by the Prosperous Communities Committee for the period 2019/20 and estimates to 2023/24 to be included in the Medium Term Financial Plan.

RECOMMENDATION(S):

- a. That Members accept the Corporate Policy and Resources Committee Budget 2019/20 and **recommend to Council** for inclusion in the overall Council budget 2019/20.
- b. That Members accept the Prosperous Communities Committee Budget 2019/20 and **recommend to Council** for inclusion in the overall Council budget 2019/20.
- c. That Members **recommend to Council** the 2020/21 – 2023/24 estimates for both this committee and those of Prosperous Communities Committee for inclusion in the Medium Term Financial Plan 2019/20 – 2023/24.

IMPLICATIONS

Legal:

The Council has a responsibility to set a balanced and legitimate budget and Council Tax requirement in compliance with statutory deadlines.

Local Authorities (Standing Orders) (England) (Amendment) Regs 2014 (SI 165) requires that once the budget is approved the minutes of the proceedings must record the names of the persons who cast a vote for the decision, against the decision or abstained.

Financial : FIN/205/19/TJB

The 2019/20 base budgets and variance to the 2018/19 base budget are explained in the body of this report.

After taking a robust approach to the development of estimations within the budget for this Committee the total cost of services will be £5,647k.

This has resulted in 2019/20 base budget expenditure reductions of £1,252k, and reduced income of £1,313k reflecting a £61k increase in net expenditure.

However, included in the Committee budget is £109k of expenditure budgets to support service investment projects which are to be funded from Earmarked Reserves.

The overall impact is therefore £61k less funding of £109k resulting in a decrease in net expenditure of £48k, details of which are contained within the report.

	£k
Expenditure Budget Reduction	(1,252)
Income Budget Reduction	1,313
Net Increase in Expenditure	61
Less Use of Earmarked Reserves	(109)
Net Decrease in Expenditure	(48)

Staffing: None arising from this report.

Equality and Diversity including Human Rights :

The Equality Act 2010 places a responsibility on Councils to assess their budget options before taking decisions on areas that could result in discrimination. Where appropriate assessments have been undertaken by the relevant service area.

Risk Assessment :

The Local Government Act 2003 requires the Chief Finance Officer to report on the adequacy of reserves and provisions and the robustness of budget estimates as part of the annual budget setting process.

An analysis of possible budget risks and comment on the level of reserves are included within the report.

Climate Related Risks and Opportunities: None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

The Chartered Institute of Public Finance and Accountancy – The Prudential Code for Capital Finance in Local Authorities (2017 Edition)

The Corporate Plan

The Capital Investment Strategy

The Fees and Charges Policy

The Asset Management Plan

The Acquisitions and Disposal Policy

Investment Policy – Land and Buildings

All documents are held within Financial Services at the Guildhall, Marshalls Yard, Gainsborough.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

n/a

No

n/a

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

x

No

1. CORPORATE POLICY AND RESOURCES COMMITTEE BUDGET 2019/20

1.1 This report sets out the Corporate Policy and Resources Committee base budget position for 2019/20 and estimates for 2020/21 – 2023/24, which incorporates the medium term financial planning principals;

- to drive a robust and sustainable financial position.
- to support growth and service delivery, utilising the Council's resources.
- to ensure financial decision making is based on robust business cases that clearly match our ambitions.

1.2 The process for the preparation of this budget has included the following;

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures/savings and horizon scanning for future issues, including political, economic or legislative implications.
- Business Planning reviews have been undertaken to identify further income generation opportunities and budget reduction proposals which can be delivered to ensure a sustainable budget.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £6.8k. Full Details of proposed fees and charges were presented to this Committee on the 8 November 2018.
- Regular updates have been provided to the Management Team who have also reviewed, challenged and proposed inclusion of the pressures and savings incorporated into this budget which have not already been approved by this Committee.
- The Committee approved the financial assumptions included within the budget i.e. pay award levels, inflation on utilities, Business Rates (NNDR) growth etc. at its meeting in November.
- Regular meetings have been held with the Chairs and Vice Chairs of Committees to ensure they are fully engaged in the process.
- Inclusion of the revenue implications of the DRAFT Capital Programme 2019/20 – 2023/24.
- Consultation with Parish Councils, residents and business rate payers has been undertaken.
- The review of Earmarked Reserves and approved additional resources being funded from these reserves and/or external grant income (approved by CP&R 10 January 2019).

- Consideration of other Strategies i.e. Car Parking Strategy, Housing Strategy etc.
- 1.3 This Budget Preparation process has achieved a High Assurance rating from our Internal Auditors in September 2018.
- 1.4 Where additional expenditure and unavoidable costs are identified Business Units try to accommodate these extra costs by working more efficiently, generating extra income or reducing base budgets in non-priority areas. These items of additional expenditure and unavoidable costs, together with budget reductions are described below and have been built in to the base budgets.
- 1.5 The Corporate Policy and Resources base budgets (Appendix A-B)** have been developed from the approved budget presented to Council in March 2018 and reflect the corporate priorities agreed in the Corporate Plan. To aid comparison capital charges and central support recharges have been omitted to present only controllable costs.
- 1.6 The Corporate Policy and Resources Business Unit budgets (Appendix C)** provide a more detailed analysis.
- 1.7 No allowance has been made for price increases within general budgets for 2019/20 other than contractual obligations and utilities;
- Electricity 7%
 - Gas 6%
 - Water & Sewerage 3%

Pay budgets for 2019/20 have been increased by 2% as per the LGPS pay agreement, and employer's superannuation in line with that provided by the Actuary.

2. Significant Variations

When compared to the 2018/19 base budget the 2019/20 base budget (excluding use of earmarked reserves) shows a budget decrease of £48k. The major variances to the 2018/19 base budget are provided below;

- 2.1 **Corporate Management-Finance** - There has been an £81k increase in Pension Deficit Contributions as per the triennial actuarial review for the period 2017/18 to 2019/20.
- 2.2 **Property Services** – increase in income from investment property £511k due to successful acquisition of £13m of investment properties in 2018/19, and higher than anticipated rental yields. The costs of the schemes are held outside of this Committee, but result in a net budget position of £570k surplus.

- 2.3 The **ICT shared services** costs have increased by £33.9k. Officers have worked with North Kesteven District Council to agree future year budgets based on an approved 5 year plan.

The **IT equipment** 10 year replacement plan has also been reviewed as part of the budget setting process and reflected in the MTFP and Capital Programme. This has resulted in a £13.3k revenue increase in costs for 2019/20.

- 2.3 The impact of the 2% pay award, approved changes to the establishment and restructures during 2018/19, and the forecast impact of future restructures has resulted in a net increase on Committee employee budgets of £334.5k.
- 2.4 Other significant variances within individual Business Units are the result of budget movements within the Committee, and do not impact on the budget movement for the Committee overall.

3. **The Prosperous Communities Base Budget (Appendix D-E)**

- 3.1 The Prosperous Communities Committee considered their draft budget at their meeting on 29th January 2019. The Business Unit budgets are attached at **Appendix F**.
- 3.2 When compared to the 2018/19 base budget (excluding use of earmarked reserves) the 2019/20 base budget shows a budget decrease of £93k. The major variances to the 2018/19 base budget are provided below;
- 3.3 **Green Waste Charging** – Net additional income of £204.7k to be generated from the introduction of charging for green waste has been built into the MTFP from 19/20 based on the subscription base achieved during the first year of delivering the service. Maintaining the current charge of £35 per annum was approved by Corporate Policy and Resources Committee 13 December 2018.
- 3.4 **Leisure Management Contract** – the successful procurement of a 15 year contract for the provision of Leisure Management and the ability to part fund a new dry leisure facility in the Market Rasen area has resulted in a £205.9k reduction to the 2018/19 base budget.
- 3.5 **Car Parks** – £80k reduction in car park income. Analysis of actual and forecast car park fee income against strategy budgets built into the MTFP for 2018/19 has identified a shortfall in income due to a number of factors. This is consistent with the pressure reported for 2018/19 outturn.
- 3.6 **Planning Fees** – £185.1k reduction in income. We have benefitted from significant levels of planning fee income over the past 3 years. A variety of economic factors and the adoption of the Local Plan, WLDC is seeing a reduction in applications in the current financial

year. The resultant impact is that planning income is less than original forecast in budget setting for 2018/19.

- 3.7 **Trade Waste Service** – the performance of the Trade Waste service has been reviewed and the expected increase in customer base has been reflected in the future year budgets. This has resulted in a net positive impact of £31.6k on the 2018/19 base budget.
- 3.8 The impact of the 2% pay award, approved changes to the establishment and restructures during the year have resulted in a net increase in budget of £84.2k.
- 3.9 Other significant variances within individual Business Units are the result of budget movements within the Committee, and do not impact on the budget movement for the Committee overall.

4. Budget Consultation

A number of events were held with Parish Councils, businesses and the wider community during November 2018. An online Budget Allocator tool was launched in 2017 to encourage members of the public online, easy access to engage in the process, in addition a paper based survey was issued to the West Lindsey Citizen Panel.

Topics covered included;

Level of Council Tax
Service investment priorities
New Homes Bonus allocation

The process has provided constructive feedback on budget proposals and informed the budget setting process.

The full report is attached at Appendix G for information.