

ECONOMIC DEVELOPMENT COMMITTEE

16 JANUARY 2019

ECONOMIC DEVELOPMENT COMMITTEE REVENUE BUDGET 2019/20

1.0 Purpose of Report

- 1.1 To inform the Committee of the budget and scales of fees & charges for those areas falling under the remit of the Economic Development Committee for 2019/20.

2.0 Background Information

- 2.1 Business Managers and Service Budget Officers have been working with Officers from Financial Services to determine a first draft general fund budget and medium term financial plan. The budgets have been prepared in line with the strategy agreed by Policy & Finance Committee on 20 September 2018.
- 2.2 The budget and Medium Term Financial Plan have been developed to reflect, in financial form, the corporate priorities of the Council. Where further targeted areas of focus have been identified, additional resources have been directed to these business units.
- 2.3 A summary of the Committee by Service Team is provided at **Appendix A**, together with a summary at subjective level for the whole Committee at **Appendix B**. To aid comparison, capital charges and central support recharges have been omitted from the reports to show just controllable budgets.

3.0 Revenue Budget Proposals

- 3.1 The current draft budget shows a decrease in 2019/20. Direct service expenditure and income excluding deferred and capital charges and all central services recharges currently shows an overall increase of £17,580 against 2018/19 budget. This is an increase of 1.63%.
- 3.2 Staffing costs of £3.001m account for approximately 50% of the gross service budget (excluding housing benefits, capital and central recharges) and significant budget savings cannot be achieved without affecting staffing levels.
- 3.3 Major variances between 2018/19 and 2019/20 are shown below:
- 3.3.1 Heritage, Culture & Visitors: Increase of £0.040m – The increase mainly relates to an increase in the ratable value of the property meaning that the business rates have increased by £0.025m, estimated utility costs are forecast to be £0.011m higher than the current year and the impact of the new pay and grading structure.
- 3.3.2 Private Estates: Decrease of £0.015m – A review of Officer time spent on activities throughout Grounds Maintenance has meant that part of the staffing budget has been moved into the Grounds Maintenance cost centre and the impact of a change in the way that support services have been accounted for which relates to the decrease in budget of £0.014m.

- 3.3.3 Vicar Water Park: Decrease of £0.006m – The reduction in budget of £6,050 mainly relates to the change in the way that support services have been accounted for.
- 3.3.4 Sconce & Devon Park: Decrease of £0.010m – The reduction in budget of £0.010m mainly relates to the change in the way that support services have been accounted for.
- 3.3.5 Promotion of Tourism: Increase of £0.107m – The Place Marketing Manager post was approved at Economic Development Committee 28 March 2018 which has therefore been built into the base budget. An Officer from within the Economic Growth cost centre has also transferred into this team. A one off cost of £0.015m has also been included in relation to a Visitor Market Research Project, which is subject to Committee approval.
- 3.3.6 Growth Technical Support: Increase of £0.09m – A review of the function was taken to CMT during October 2018 which outlined the need to create an additional 19 hour resource to supplement the Service. This has therefore been built into the base budget.
- 3.3.7 Development Management: Increase of £0.163m – Three trainee planners within the department have qualified within the year which has increased their remuneration. Impacts of the implementation of the new pay and grading structure have also seen an increase in costs. Additionally an allowance for development control, enforcement, appeals and appraisals has been included which has previously been taken from reserves annually. These costs include, but not limited to, legal and court costs, public inquiries, consultancy costs and viability appraisals.
- 3.3.8 Newark Beacon: Decrease of £0.131m – The Council brought back in-house the Newark Beacon from 1 October 2018. A business case was considered by this Committee on 20 June 2018 which outlined a draft budget for the 2019/20 financial year and beyond. The budgets have been decreased accordingly and have been built into the base budget.
- 3.3.9 Bilsthorpe Workshops: Decrease of £0.006m – Reviews of trends of income over the past two financial years have shown a surplus over budget. Therefore the budget has been re-aligned to more accurately reflect the estimated actual income.
- 3.3.10 Jubilee Bridge: Increase of £0.009m – A report was approved at Policy & Finance on 28 June 2018 which agreed to increase the base budget by £0.004m for the annual maintenance costs of the Jubilee Bridge. The additional budget of £0.005m has been moved into this code from the Environmental Schemes code.
- 3.3.11 Boughton Advance Factory: Decrease of £0.004m – A new tenant occupied the building from 1 September 2018, which granted the opportunity to review the charges for this property. The increased income of £0.005m has therefore come from this review.
- 3.3.12 Sherwood Forest Craft Centre: Decrease of £0.005m – Reduction in insurance costs of £0.003m and anticipated increase in income of £0.003m account for the majority of the reduction in budget.
- 3.3.13 Development Company: Decrease of £0.114m – The budget created for 2018/19 was a one off budget specifically for the set up costs of Arkwood Developments Ltd. This budget has therefore been taken out of the base for the 2019/20 financial year.

- 3.3.14 Economic Growth: Decrease of £0.020m – The reduction in budget is in relation to the movement of an Officer into the Promotion of Tourism budget as per paragraph 3.3.5.
- 3.3.15 Parking Services Admin: decrease of £0.010m – This reduction relates to the change in accounting for internal services. Expenditure relating to the apportionment of CCTV charges was previously included as a cash budget. This has been taken out to be replaced with a support charge. CCTV income has therefore also been reduced to be replaced with income from support charges.
- 3.3.16 Surface Car Parks Newark: Decrease of £0.082m – The impact of the change in accounting for support services has led to a reduction of £0.022m due to Street cleansing costs, due to the extension of the London Road car park a reduction in rent of £0.018m was agreed for 2 year period. An additional £0.054m income has been included based on analysis of previous years' actual information.
- 3.3.17 Newark Lorry Park: Reduction of £0.029m – An increase in Business Rates £0.024m due to the extension of car park has been included, increase in repairs and maintenance costs of £0.006m, an increase in electricity of £0.004m offset by an allowance of £0.072m in additional income due to the additional capacity through the extension of the lorry park.
- 3.3.18 Other Properties and Workshops Voids: Increase of £0.013m – The maintenance of street name plates has been transferred from the Street Naming team into the Asset Management team and hence the budget of £0.016m has therefore followed. Minor variances on other costs amount to the reduction of £0.004m.
- 3.3.19 Growth Investment Fund: Increase of £0.117m – The change of £0.117m relates to the closure of the Growth Investment Fund grant scheme. This change in budget is offset against an equal and opposite change within the financing element of the overall Council budget, meaning that this is a nil effect on the Council as a whole.
- 3.3.20 Grounds Maintenance: Decrease of £0.036m – The review of Officer time spent on grounds maintenance operations meant that an Officer previously budgeted for on Private Estates has been moved into this budget, together with impact of the new pay and grading structure. Expenditure relating to the apportionment of vehicle charges was previously included as a cash budget. This has been taken out to be replaced with a support charge. Vehicle income has therefore also been reduced to be replaced with income from support charges.

4.0 Fees & Charges

- 4.1 The level of fees and charges has been considered by Officers within the framework set out in the Corporate Charging Policy. Proposals for increases in fees and charges are attached at **Appendix C** for consideration and recommendation to Policy & Finance Committee on 21 February 2019 and Council on 7 March 2019.

5.0 Conclusions

- 5.1 It is important that the Committee continues to scrutinise and review its budget in order to achieve additional savings in future years at a time when the Council is facing reducing government grants and other financial pressures.

6.0 RECOMMENDATIONS that:

- (a) the final Committee budget as shown at Appendix A be recommended to Policy & Finance Committee at its meeting on 21 February 2019 for inclusion in the overall Council budget; and**
- (b) the scales of fees and charges as shown at Appendix C be recommended to Policy & Finance Committee at its meeting on 21 February 2019 and Council on 7 March 2019.**

Reason for Recommendations

To ensure that the final budget proposals and the level of fees and charges for 2019/20 are recommended to Policy & Finance Committee on 21 February 2019.

Background Papers

None

For further information please contact Nick Wilson.

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