

POLICY & FINANCE COMMITTEE

24 JANUARY 2019

POLICY & FINANCE 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 Policy and Finance 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 £171,430 against 2018/19 budget. This is an increase of 4.43%.
- 3.2 Staffing costs of £3.796m account for approximately 61.8% 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 Electoral Registration: An increase of £0.005m – The grant receivable during 2018/19 from the Cabinet Office, has been received £0.004m lower than anticipated. As the notification for the level of grant is not received until after the budget process has been concluded, an anticipated decrease inline with the current years estimate has been forecast. This has been offset by an increase in budget for sale of electoral registers, for which the Council has never budgeted before, but seen income generated.
- 3.3.2 Human Resources: Decrease of £0.029m – The Business Manager – Human Resources & Organisational Development time has been re-apportioned and this has led to a reduction in the budget required in this code. There has also been a change in the accounting for the services provided to Southwell Leisure Centre, to show this as a cash receipt, rather than an internal support service receipt.

- 3.3.3 Legal Section: Decrease of £0.017m – As per paragraph 3.3.2 The Business Manager – Human Resources & Organisational Development has re-apportioned her time. Also there has been an increase in budgeted income from third parties.
- 3.3.4 Central Personnel Expenses: Increase of £0.025m – This increase is an accounting change to reflect the actual costs of apprentices. This is funded by a reduction in the Training reserve and will be built into the financing part of the budget.
- 3.3.5 Corporate Management Team: Decrease of £0.021m – A one off budget of £0.040m was included during 2018/19 in respect of consultancy fees. This has been omitted from the base budget for 2019/20. Estimates of pay awards have also been included which reduce the impact of the reduction in budget.
- 3.3.6 Financial Services: Decrease of £0.014m – A one off budget of £0.030m was included in respect of upgrades in the income management system. This has been omitted from the base budget for 2019/20. A reduction in services to third party organisations has contributed to offsetting the reduction from the one off budget removal.
- 3.3.7 Organisational Development: Increase of £0.042m: – As per paragraph 3.3.2 The Business Manager – Human Resources & Organisational Development has re-apportioned her time. There is also an allowance for maternity cover due to one member of staff being off on maternity currently.
- 3.3.8 Administration Services: Increase of £0.013m – The impact of the new pay and grading structure have led to this increase in budget requirement.
- 3.3.9 Council Tax: Increase of £0.067m – Prior to court action being taken, officers will try to make a payment arrangement with the customers to avoid court action where necessary. Due to this, an estimate of summons' cost income has been reduced.
- 3.3.10 Rent Allowances: Decrease of £0.021m – Due to the rollout of Universal Credits, it has been estimated that there will be a reduction in payment of this type of benefit, as these customers port over to the DWP.
- 3.3.11 Rent Rebates: Decrease of £0.017m – Due to the rollout of Universal Credits, it has been estimated that there will be a reduction in payment of this type of benefit, as these customers port over to the DWP.
- 3.3.12 Housing Benefit Admin: Increase of £0.010m – There has been a reduction in the Housing Benefit grant receivable from DWP due to the shift away from Housing Benefit to Universal Credits. To offset this, there has been a reduction in staff numbers of 22 hours per week, through natural wastage, which hasn't been replaced due to the reduction in workload through the rollout of Universal Credit.
- 3.3.13 Risk Management: Decrease of £0.009m – A change in accounting has meant that income previously recognised as support service income in relation to Southwell Leisure Centre is now recognised as cash income.
- 3.3.14 Castle House: Decrease of £0.030m – Additional partners have occupied space within the building during the course of the current financial year. As such the income budget is due to increase, decreasing the overall budget.

- 3.3.15 Corporate Property: Increase of £0.132m – The Business Unit is in the process of purchasing a new Asset Management system which will streamline the management of all Council properties and ensure sound and effective record keeping and condition information. Additionally redistribution of workloads have meant that there is a reduction in the charge to capital as there are fewer schemes needing the assistance of asset management currently.
- 3.3.16 Corporate Development: Increase of £0.073m – In order to further the Councils' commercialisation and major projects agenda there has been recognition that the Business Unit responsible for the oversight and delivery is under resourced. As such, Senior Leadership Team agreed to fund 2 2-year posts to ensure that the required savings and efficiency targets are met ensuring the financial stability of the Council in the medium term.
- 3.3.17 Members Expenses: Increase of £0.010m – A 2% increase in the basic allowance rate forms the majority of this increase.
- 3.3.18 Other Financial Transactions: Decrease of £0.040m – A vacancy provision of 3.5% of the total salary budget for 2019/20 will be made to allow for natural savings being made from posts remaining vacant before being filled. As it is not possible to predict precisely which business units will experience vacancies in the year, an overall saving has been set aside.
- 3.3.19 Combined Service Costs: Increase of £0.010m – Costs are expected to rise due to an increase in postage costs imposed by Royal Mail. This has been mitigated as far as possible with the re-let of the Hybrid mail contract to Nottinghamshire County Council which has reduced costs within other areas of the postage process.
- 3.3.20 Corporate Printers: Decrease of £0.012m – A new contract has been let for printing to Specialist Computer Centre which has reduced the cost of corporate printing.

4.0 Fees and 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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