

## Revenue Budget and Fees and Charges 2019/20

<b>Head of Service/Contact:</b>	Lee Duffy, Chief Finance Officer
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Annexes/Appendices (attached):</b>	<b>Annex 1 – Fees and Charges</b>
<b>Other available papers (not attached):</b>	Budget Target Report to S&R Committee on 25 September 2018

### Report summary

This report sets out estimates for income and expenditure on services in 2019/20.

### Recommendation (s)

That the Committee:

**Recommends the 2019/20 service estimates, including the increases to fees and charges as set out in the report, for approval at the budget meeting of Full Council in February 2018.**

## 1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The Medium Term Financial Strategy and Efficiency Plan aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.
- 1.2 The Service Plan for the Corporate Priority "Managing Resources" includes service targets designed to maintain a balanced budget.

## 2 Background

- 2.1 Government reductions to the revenue support grant and welfare benefit changes continue to create pressure on Council finances and are likely to do so for the foreseeable future. The Council's budget strategy has been, as far as practical, to make operational and efficiency savings to minimise service reduction affecting residents.

# Strategy and Resources Committee

## 31 January 2019

- 2.2 For 2016/17 to 2019/20, Council agreed a four year Medium Term Financial Strategy (MTFS) and Efficiency Plan to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan. The recommendation in this report is consistent with the MTFS.
- 2.3 The overall Council revenue budget target for 2019/20 was agreed by Strategy & Resources Committee on 25 September 2018 as follows:-
- Estimates should include options to reduce organisational costs by £406,000 in order to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the MTFS;
  - That at least £200,000 additional revenue is generated from an increase in discretionary fees and charges;
  - That a provision for pay award is made of £280,000 that represents an increase to the staffing budget of 2.5% made up of 1% for cost of living and 1.5% for progression;
  - That further savings and efficiencies be identified to address the budget shortfall of £113,000 in 2019/20;
  - That £200,000 from the financial gain of being part of the Pilot for Business Rates is used to mitigate the potential payment of £625,000 to government for 'negative RSG'.
- 2.4 The figures in this report are final and are representative of the provisional local government finance settlement. Any subsequent changes to service estimates should either be self-financing or produce a saving within the Committee's overall recommended budget.
- 2.5 Following the removal of 'negative RSG' in the provisional local government finance settlement, the Council has been able to reduce its reliance on funding from both New Homes Bonus and the one-off financial gain from the business rates pilot.
- 2.6 The service estimates for this Committee are to be included in the draft Budget Book 2019/20 that will be distributed to all Councillors.
- 2.7 Estimates have been prepared on the basis that all existing services to residents are maintained.
- 2.8 No general allowance for price inflation has been utilised for the revenue estimates 2019/20. However, where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly.
- 2.9 For pay inflation, a budgeted increase £280,000 has been allowed for within the MTFS.

# Strategy and Resources Committee

## 31 January 2019

- 2.10 Aside from income and rents, there are a limited number of services provided by the Committee for which fees and charges are levied. The impact of changes to Town Hall Room Hire charges and Land Charge tariffs have been estimated and incorporated in the estimates for 2019/20. The proposed tariffs are set out in Annexe 1 to this report.
- 2.11 The Council agreed a target to increase overall income from locally set fees and charges by a minimum of 3%, after making allowance for any further changes in service. Certain charges for Committees are being proposed at above inflation levels, either to reduce service subsidy levels or to enable the Council to achieve a balanced budget.
- 2.12 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
- The Budget Book contains the service estimates for 2019/20.
  - All unavoidable cost increases and income reductions are reflected in the estimates.
  - All operational savings identified to date are reflected in the base estimates.
  - Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
  - All increases in charges are subject to approval by the Council.

### **3 Revenue Estimates 2018/19**

- 3.1 Before considering the revenue estimates for 2018/19, this section provides a summary of the forecast outturn for the current financial year. Variations identified with on-going effects have been taken into account in preparing next year's budget.
- 3.2 The Council's probable revenue outturn at Q2 monitoring for all Committees in 2018/19 anticipates an overspend of £144,000. This would effectively mean a contribution from working balances at year end of £144,000, assuming that this level of overspend continues through to 31 March 2019. The Council's working balance currently stands at £3,348,000 before any contribution is made.
- 3.3 The probable outturn specifically for S&R Committee only for 2018/19 is an underspend of £243,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

# Strategy and Resources Committee

## 31 January 2019

<b>Service Group</b>	<b>Published Budget 2018/19</b>	<b>Current Approved Budget 2018/19</b>	<b>Probable Outturn 2018/19</b>	<b>Probable Variance 2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<u>Strategy &amp; Resources Committee</u>				
Democratic & Civic	776	719	714	(5)
Corporate Functions	684	651	651	0
Corp Financial Management	1,275	1,058	989	(69)
Tax Collection & Benefits	1,397	1,513	1,500	(13)
Land Charges	(12)	(4)	(9)	(5)
Land & Property	(1,797)	(1,780)	(1,934)	(155)
Economic Dev. & Prosperity	221	121	121	0
Other Accounts	153	(146)	(143)	3
<b>Total Strategy &amp; Resources</b>	<b>2,697</b>	<b>2,132</b>	<b>1,889</b>	<b>(243)</b>

- 3.4 The current approved budget in the table above represents the published budget updated with authorised transfers of funds since the budget was approved in February 2018.
- 3.5 For Corporate Financial Management an underspend of £69,000 is forecast, mainly because a corporate contingency – held in case central government benefit reforms adversely impact the Council’s budget – remained unused at Q2.
- 3.6 Within Land and Property, a net favourable variance of £155,000 is forecast, principally due to the purchase in March 2018 of an investment property on Roy Richmond Way (Longmead Business Park), which is expected to generate £153,000 net income this year. Due to the timing of the purchase, this rental income was not included in the 2018/19 budget.
- 3.7 The Committee’s probable outturn (estimated net expenditure) for 2018/19 is included in the draft Budget Book on each service group page, with a detailed analysis of variations to budget. The outturn forecasts are all based on quarter two budget monitoring reports used by all managers.

#### **4 Proposals for 2019/20 Budget**

- 4.1 The service estimates are included in the draft Budget Book 2019/20, circulated to Councillors in January.
- 4.2 A summary of the Committee’s revenue estimates for 2019/20 is set out below:

Strategy and Resources Committee  
31 January 2019

SERVICE GROUP	PUBLISHED BUDGET 2018/19 £'000	BASE POSITION 2019/20 £'000
Democratic & Civic	776	766
Corporate Functions	684	618
Corp Financial Management	1,275	1,572
Tax Collection & Benefits	1,397	(495)
Land Charges	(12)	(1)
Land & Property	(1,797)	(1,989)
Local Economy	96	80
Community Consultation	125	22
Other Accounts	153	74
<b>Total</b>	<b>2,697</b>	<b>647</b>

4.3 The following table comprises a summary of the main changes to the Committee's proposed budget 2019/20 compared with the published budget for 2018/19.

STRATEGY AND RESOURCES COMMITTEE		BUDGET £'000
<b>Published Budget 2018/19</b>		<b>2,697</b>
Service Group	Change	
All	Variation in pay, pension (IAS19) & support service recharges	- 118
Land & Property	Additional net receipts from investment properties	- 217
Corp Financial Management	Reduction in revenue contribution to capital schemes	- 440
Corp Financial Management	Reduction of New Homes Bonus funding	501
Corp Financial Management	Provisions for various service contingencies	192
Tax Collection & Benefits	Additional contribution from business rates equalisation reserve to fund 2017/18 deficit, which arose as a provision was set-aside to cover appeals against historic business rate bills.	-1,965

# Strategy and Resources Committee

## 31 January 2019

Service Group	Change	£'000
Community Consultation	Transfer of communications staff to HR	- 67
All	Other changes	64
<b>Base Position 2019/20</b>		<b>647</b>

### 5 Fees and Charges 2019/20

- 5.1 Fees and Charges within the remit of this Committee are set out in **Annex 1**.
- 5.2 In February 2018, the Committee re-confirmed that the Chief Finance Officer should have delegated authority to vary fees and charges for items generating income under £1,000 per annum and/or for one-off items not included in the fees and charges schedule.
- 5.3 Charges at the Town Hall for room hire and associated officer time fees have been raised between 3.2% and 4.7%. The budgeted income is £512.
- 5.4 Increases to Land Charge tariffs are between 0% and 4.0% with the only exception being Con29O Optional highway enquiries which has increased by 14.3% from £17.50 to £20.00. The charge has been increased to include the cost of processing the enquiry. The annual budget for land charges is £102,000.

### 6 Financial and Manpower Implications

- 6.1 Consultation processes will be progressed should operational changes affect staffing levels or staff duties.
- 6.2 The draft Budget Book 2019/20 is highly detailed and therefore any questions or queries should be sent to relevant Officers in advance of this Committee meeting wherever possible.
- 6.3 **Chief Finance Officer's comments:** *Financial implications are contained within the body of this report.*

### 7 Legal Implications (including implications for matters relating to equality)

- 7.1 There are no direct legal implications arising from contents of this report. However, decisions taken about the budget will impact the services which can be delivered. It is important that statutory services are appropriately funded, which the recommended budget seeks to achieve.
- 7.2 **Monitoring Officer's comments:** *None arising from the contents of this report.*

# Strategy and Resources Committee

## 31 January 2019

### 8 Sustainability Policy and Community Safety Implications

8.1 There are no specific particular implications for Sustainability Policy or Community Safety arising out of this report.

### 9 Partnerships

9.1 Many services are provided by the Council without the direct involvement of other agencies. There is, however, an increasing role for partnership working with others to achieve mutually agreed objectives. The benefits and risks need to be assessed in each specific case to ensure that value for money is secured and the Council's priorities are delivered in the most efficient and effective manner.

### 10 Risk Assessment

10.1 In preparing the revenue budget estimates officers have identified the main risks facing the Committee in delivering services within the budget. These budgets will require careful management during the year.

<b>Service</b>	<b>Risk</b>	<b>Budget Estimate 2019/20 £'000</b>	<b>Risk Management</b>
Employee costs	<b>Medium:</b> Not achieving budgeted staff savings to meet the vacancy provision	11,890	Recruitment management  Salaries monitoring
Treasury management – income from interest on balances	<b>Medium:</b> Achievement of budgeted return	96	Prudent budgeting  Treasury Management Policy including use of specialist external advisers and fund managers  Use of Interest Equalisation Reserve
Land and property rental income	<b>Medium:</b> Loss of tenants and commercial rentals	2,825 EEBC 818 EEPIC	Asset Management Plan – property and rent reviews  Use of Property Income Equalisation Reserve

Strategy and Resources Committee  
31 January 2019

Service	Risk	Budget Estimate 2019/20 £'000	Risk Management
Epsom market income  Ashley Centre car park income	<b>Medium:</b> Income may be adversely impacted for the duration of Plan E works	113 Epsom market income  1,953 Ashley Centre car park income	Regular budget monitoring  Car park fees frozen for 2019/20  Offset any 2019/20 income shortfall related to Plan E works with a contribution from the Corporate Projects Reserve

## 11 Conclusion and Recommendations

11.1 The Committee is asked to agree the service revenue estimates as set out in the draft Budget Book 2019/20. As noted in the body of the report, the impact of the changes in fees and charges has been incorporated into the revenue estimates.

11.2 The Council will consider the budget at its meeting on 19 February 2019.

**Ward(s) affected:** (All Wards);