

REVENUE BUDGET 2019/20

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	
Other available papers (not attached):	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)

- (1) That the Committee recommends the 2019/20 service estimates, for approval at the budget meeting of Full Council in February 2019.

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.
- 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.

Community & Wellbeing Committee

22 January 2019

- 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%, 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 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 The service estimates for this Committee are to be included in the draft Budget Book 2019/20 that will be made available to all Councillors.
- 2.6 Estimates have been prepared on the basis that all existing services to residents are maintained.
- 2.7 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.
- 2.8 For pay inflation, a budgeted increase £280,000 has been allowed for within the MTFS.
- 2.9 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. Proposals have been included in a separate report on this agenda.
- 2.10 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.

Community & Wellbeing Committee

22 January 2019

- 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, as set out in the Q2 monitoring report below:

Committee	2018/19 Current Approved Budget £'000	2018/19 Q2 Forecast £'000	Variance £'000
Strategy & Resources	2,132	1,889	(243)
Environment & Safe Communities	2,180	2,473	293
Community & Wellbeing	6,351	6,446	95
Capital charges	(2,879)	(2,879)	0
Total budget requirement	7,784	7,928	144

- 3.3 Assuming that this level of overspend continues to 31 March 2019, a contribution from working balances at year end of £144,000 would be required. Currently, the Council's working balance stands at £3,348,000, i.e., before any contribution is made.
- 3.4 The probable outturn specifically for Community and Wellbeing Committee for 2018/19 is an overspend of £95,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

Community & Wellbeing Committee

22 January 2019

Service Group	Published Budget 2018/19	Current Approved Budget 2018/19	Probable Outturn 2018/19	Probable Variance 2018/19
	£'000	£'000	£'000	£'000
Housing	1,394	1,408	1,403	(5)
Community Services	310	362	431	69
Support for Voluntary Organisations	180	260	260	0
Community Centres	441	468	501	32
Parks and Open Spaces	1,927	1,953	1,952	(1)
Sports, Leisure & Cultural	1,429	1,564	1,563	0
Precepting/Levying Bodies	333	336	336	0
Community & Wellbeing Committee	6,014	6,351	6,446	95

3.5 The current approved budget in the table above represents the published budget updated with authorised transfers of funds since approval of the budget at Council in February 2018.

3.6 Changes to storage facilities within the homeless service are expected to result in a reduction in costs by year end. (£5k favourable)

3.7 Within Community Services, the Daycare+ service has been slow to build clients, including referrals from County. Numbers are now growing but it is not anticipated that the full income budget will be achieved for 2018/19. (£69k adverse)

3.8 At Community Centres, building running costs are ongoing at the Wells centre. At the Community & Wellbeing Centre, no income from Extra Care clients has been achieved to Q2. (£32k adverse)

3.9 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:

Community & Wellbeing Committee
22 January 2019

Service Group	Published Budget 2018/19 £'000	Base Position 2019/20 £'000
Housing	1,394	1,349
Community Services	310	355
Support for Voluntary Organisations	180	261
Health & Wellbeing	0	36
Community Centres	441	497
Parks and Open Spaces	1,927	1,865
Sports, Leisure & Cultural	1,429	1,326
Precepting/Levying Bodies	336	345
Total	6,017	6,034

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

Community & Wellbeing Committee	2019/20 Budget £'000
Published Budget 2018/19	6,017
Variation in pay, pension (IAS19) & support service recharges	403
Completion of Ebbisham Centre service review	(84)
Rangers service review savings to be finalised	(77)
Reallocation of contingency and management fee budgets	(72)
Part reinstatement of Better Care Funding	(35)
Reduced transport and contract costs	(34)
Additional income from increases to tariffs	(25)
Cessation of staff funding	23

Community & Wellbeing Committee
22 January 2019

Net income from introduction of transaction fees on ticket sales at Playhouse	(22)
Net increased box office income at Playhouse	(16)
Increased Playhouse bar and lettings income	(16)
Fee income on completed Disabled Facility works	(15)
Loss of Meals at Home grant from County	14
Net income from issue of additional licences on Houses of Multiple Occupation	(12)
Increased income from sporting activities and lettings	(12)
Sundry Variations	(3)
Base Position 2019/20	6,034

5 Financial and Manpower Implications

- 5.1 Consultation processes will be progressed should operational changes affect staffing levels or staff duties.
- 5.2 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.
- 5.3 **Chief Finance Officer's comments:** Financial implications are contained within the body of this report.

6 Legal Implications (including implications for matters relating to equality)

- 6.1 The Council will fulfil its statutory obligations and comply with its policy on equalities.
- 6.2 **Monitoring Officer's comments:** There are no direct legal implications arising from 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 Sustainability Policy and Community Safety Implications

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

Community & Wellbeing Committee

22 January 2019

8 Partnerships

8.1 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.

9 Risk Assessment

9.1 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.

Service	Risk	Budget Estimate 2019/20 £'000	Risk Management
Homelessness	Medium: Increase in numbers of presentations	715	Continuing with preventative initiatives and alternative temporary accommodation options
Venues	Medium: Reduction in letting income.	258	Marketing and advertising of venues.
Community Services	Medium: Insufficient take up of Daycare+ service to cover costs	80	Promotion of service

10 Conclusion and Recommendations

10.1 The Committee is asked to agree the service revenue estimates set out in the draft Budget Book 2019/20.

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

Ward(s) affected: (All Wards);