

2020/21 DRAFT POLICY AND RESOURCES BUDGETS

AGENDA ITEM NO. 15

MEETING: POLICY AND RESOURCES COMMITTEE

DATE: 23RD OCTOBER 2019

REPORT BY: FINANCE MANAGER

1.0 Purpose of the Report

1.1 The purpose of this report is to present for Members' consideration, comments and approval the draft 2020/21 Revenue and Capital Budgets for the Policy and Resources Committee.

2.0 Background to the Report

2.1 Members approved the Budget Framework and Timetable for the setting of the Council's 2020/21 Revenue and Capital Budgets at the meeting of the Policy and Resources Committee on 11th September.

2.2 The Budget Framework provided details of the background to the budget setting process, linked to the Medium-Term Financial Plan, and set out the key principles to be applied and the budget setting methodology.

2.3 The Budget Timetable provided the timeframe for the setting of the budgets and the reporting of the draft budget to the various Committees and Working Groups of the Council.

2.4 Officers have subsequently been working on the development of the draft 2020/21 revenue and capital budgets for each Committee and the draft budgets have now been agreed by senior officers and the Chairmen and Vice Chairmen of Committees.

2.5 The draft 2020/21 Policy and Resources Revenue and Capital Budgets are set out in this report and the attached appendices for Members' consideration.

2.6 Members will be aware from previous reports, the financial backdrop against which the 2020/21 budgets are being developed. The Council is currently in strong financial health, with the decision to increase the Town Council Tax by 5% this year, and boost the contribution to capital reserves, contributing towards this improved financial situation.

2.7 The draft 2020/21 Policy and Resources Budgets have been developed in line with the key principles from the Medium-Term Financial Plan, of maintaining existing services, delivering the Asset Management Plan, safeguarding balances and reserves, and keeping future council tax increases as low as possible.

3.0 Draft 2020/21 Policy and Resources Revenue Budget

- 3.1 The detailed draft 2020/21 Policy and Resources Revenue Budgets are attached at **Appendix 1** for Members' consideration and comments.
- 3.2 Members will note that the attached draft budget figures include the actual outturn figures for the last financial year; 2018/19, as well as the latest expected outturn figures for the current financial year; 2019/20.
- 3.3 These figures are included in order to enable Members to take actual spending and income figures into account, in their consideration of the draft 2020/21 budget proposals.
- 3.4 A summary of the draft 2020/21 Policy and Resources Revenue Budget is shown below:-

| Budget 2019/20 £ | Policy and Resources Revenue Budget | Inflation and Committed Growth £ | Investment in Service £ | Savings and Increased Income £ | Budget 2020/21 £ |
|-----------------------------|--|---|--------------------------------|---------------------------------------|-----------------------------|
| 71,750 | Members and Civic | 2,500 | - | (3,250) | 71,000 |
| 68,250 | Finance Section | 3,750 | - | (100) | 71,900 |
| 96,800 | Administration Section | 19,150 | - | (14,000) | 101,950 |
| 286,250 | Corporate Services | 9,500 | | (31,050) | 264,700 |
| 46,200 | Pre Schools | 10,000 | - | (2,750) | 53,450 |
| 175,750 | Works Department | 22,750 | | (2,550) | 195,950 |
| 25,700 | Depot | 2,250 | | (800) | 27,150 |
| 26,650 | Capital Financing | 1,250 | - | (6,150) | 21,750 |
| 797,350 | Total Budget | 71,150 | - | (60,650) | 807,850 |

- 3.5 **The draft 2020/21 Policy and Resources Committee Revenue Budget shows an overall increase of £10,500 or 1.3% to £807,850.**
- 3.6 **Pay awards, pension increases, inflation on running costs and other committed budget growth and falls in income have added £71,150 or 8.9% to the Budget.**
- 3.7 This includes provision for increases in staffing costs linked to an expected 2% local government pay award and an anticipated increase in employers' pension contributions, as well as the recently approved decision to make the vacant part-time administration assistant post full time. Provision has also been made for an increase in the information technology budget to provide for the possible move to paperless office and governance, and inflation on running costs such as vehicle licences, repairs and fuel and premises costs.

- 3.8 **However, efficiency savings and budget reductions of £60,650 or 7.6% have been identified**, which have largely offset the additional budget provision made, and therefore limited the overall increase to the Policy and Resources Revenue Budget.
- 3.9 Savings include reduced repayment costs as a result of the forthcoming repayment of one of the Council's outstanding loans during next year, savings from the approved restructure of central establishment staffing, from the deletion of the Leisure and Environment Assistant post and the removal of the reduced hours from the Senior Administration Assistant's flexible retirement, and the reduction of under-utilised budgets including civic functions, office photocopying and stationery, and corporate and pre-school consultancy costs.
- 3.10 **No additional or new investment in services in the Policy and Resources Budget has been made or provided for.** However, provision for limited investment of a short term or one-off nature could be delivered, via the use of the revenue budget contingency sum, if required by the Council.
- 3.11 A summary of the main changes in respect of each individual budget area is detailed below:-

3.12 Members and Civic

This budget has fallen by £750 per year to a net running cost of £71,000.

Additional budget provision has been made for possible Members' mileage claims following the approved change to the Council's Members' Allowances Scheme permitting councillors to make mileage claims for travelling to and from meetings, although very few Members are currently making mileage claims.

This budget also provides for the use of taxi's by the Mayor for civic events, following the ceasing of the civic chauffeur role and the proposed disposal of the civic car during 2020/21.

However, these increases have been more than offset via the savings on the running costs of the civic car, and the reduction of a number of regularly under-utilised budgets including civic functions and member training and conferences. These budgets have been reduced to more accurately reflect actual spending in recent years.

Overall these changes result in a small reduction in the Members and Civic Budget year on year.

3.13 Finance Service

This budget has increased by £3,650 per year to a net running cost of £71,900.

This provides for increases in staffing costs from an expected 2% local government pay award and an anticipated increase in employers' pension contributions next year.

3.14 Administration Section and Council Offices

This budget has increased by £5,150 per year to a net running cost of £101,950.

This provides for increases in staffing costs from an expected 2% local government pay award and an anticipated increase in employers' pension contributions next year, as well as inflation of running costs. The budget also reflects the net cost of the recently approved staffing structure changes; namely the unfreezing and increasing to full time hours of the vacant Administration Assistant post, and the funding of this from the savings already available from the Senior Administration Officer's flexible retirement i.e. by removing the reduced hours.

These increases have been partly offset by savings on printing and stationery costs, linked to a reduction in paper records, and a saving from the retender of the Council insurance contract.

3.15 Corporate Services

This budget has fallen by £21,550 per year to a net running cost of £264,700.

This saving follows the approved staffing restructure which saw the deletion of the Leisure and Environment Assistant post. This post has been replaced with the new Events Officer in the Events Budget. There have been further savings from the reduction of the consultancy budget which has been regularly under-utilised in recent years.

These savings have more than offset increases in staffing costs from an expected 2% local government pay award and anticipated increase in employers' pension contributions next year, as well as an increase in information technology costs to provide for the costs of the possible move to paperless office and governance and additional support from the Council's support company; TSG, following the departure of the Leisure and Environment Assistant.

3.16 St Oswald's Pre Schools

This budget has increased by £7,250 per year to a net running cost of £53,450.

This provides for increases in staffing costs from an expected 2% local government pay award and anticipated increase in employers' pension contributions and inflation of running costs.

These increases have been partly offset by the reduction of the provision for external consultancy support from Durham County Council Early Years Team, from three days per term to three half days per term.

The income budgets for funding have been left unchanged and reflect a target attendance rate of 65%, representing 26 children at the main setting and 8 children at the two-year-old setting. This is in line with attendance figures in the current year. The income budget for fees has been reduced from £20,000 to £17,500, in line with expected income.

3.17 Works Department

This budget has increased by £20,200 per year to a net running cost of £195,950.

This is largely as a result of increases in staffing costs from an expected 2% local government pay award and anticipated increase in employers' pension contributions, while there have also been inflationary increases in vehicle running costs.

These increases have been partly offset by a reduction in staff overtime costs, following the resignation of the works operative previously responsible for undertaking civic chauffeur duties.

3.18 Depot

This budget has increased by £1,450 to a net running cost of £27,150 as a result of inflationary increases in premises running costs and an increase to the building maintenance budget.

3.19 Capital Financing Charges

This budget has fallen by £4,900 per year to £21,750, as one of the Council's outstanding PWLB loans is due to be repaid part way through next year, resulting in a saving on loan repayment costs. This saving has been partly offset by an increase in bank charges.

3.20 Policy and Resources Fees and Charges

The 2020/21 Policy and Resources Revenue Budget does not provide for any increases in the fees and charges for the pre-schools service.

Fees and charges are considered outside of the budget setting process by the Council's Charges Working Group, and, if any increases are agreed, this would then provide additional resources within the pre-school budget next year.

This is in line with previous Council policy on fees and charges.

4.0 Draft 2020/21 Policy and Resources Capital Programme Budget

- 4.1 As Members are aware the Council's Medium-Term Financial Plan highlighted a risk linked to the potentially significant capital investment commitments facing the Council over the medium to longer term and the need to ensure that the Council's balances and reserves can be maintained at prudent levels whilst funding these commitments.
- 4.2 In light of this, the Council has agreed that future capital investment will be closely controlled and scrutinised and the 2020/21 Policy and Resources Capital Programme Budget has been prepared on the basis of only essential capital investment, mainly linked to the delivery of the Asset Management Plan, being included.
- 4.3 The draft 2020/21 Policy and Resources Capital Programme Budget is attached at **Appendix 2** and currently stands at **£128,750**. The budget includes provision for the following projects:-

| | |
|---|-----------------|
| Council Offices Flat Roof and Insulation Improvements | £17,500 |
| Council Offices LED lighting and Internal Decoration | £5,000 |
| Depot Separation Tank Cleaning | £1,250 |
| St Oswald's Pre-School Internal and External Decoration | £2,500 |
| Replacement Mini-Excavator Machine | £22,500 |
| Replacement Ride-On Mower Machine | £35,000 |
| Replacement Works Tractor Tyres | £2,500 |
| Works Machinery Electrical Alternatives | £7,500 |
| Computer Replacements | £5,000 |
| Server Replacement | £27,500 |
| Website Development | £2,500 |
| Total Policy and Resources Capital Programme | £128,750 |

4.4 Further details of the above projects are set out below:-

Council Offices Flat Roof and Insulation Improvements

This budget provides for replacement of the flat roof at the Council Offices which is overdue for replacement and subject to water ingress. The budget also provides for the improvement of the roof insulation with a view to improving the energy efficiency of the offices building.

Council Offices LED lighting and Internal Decoration

This budget provides for the ongoing programme of upgrading lighting in the offices to LED and also for the re-plastering and redecoration of those areas of the building requiring attention e.g. the entrance lobby.

Depot Separation Tank Cleaning

This budget provides for the deep cleaning of the separation tank at the depot site which needs to be undertaken every two years.

St Oswald's Internal and External Redecoration

This budget provides for the internal and external repainting of the main pre-school building.

Replacement Ride-On Mower

This budget provides for the replacement of the works section ride-on mower which is due for replacement next year.

Replacement Mini-Excavator Machine

This budget provides for the replacement of the works section mini-excavator which is due for replacement next year.

Replacement Works Tractor Tyres

This budget provides for the replacement of the works section tractor tyres which are due for replacement next year.

Works Machinery Electrical Alternatives

This budget proposes using the resources raised from the recent auction of old works machinery to source electrical alternatives for small petrol and diesel-powered works machinery such as hand mowers, strimmers, and chainsaws.

Computer Replacements

This budget provides for the replacement of computers and laptops as part of the Council's rolling programme of computer upgrades.

Server Replacements

This budget provides for the replacement of the Council's main server which the Council's information technology support company have advised will be due for replacement next year.

Website Development

This annual budget provides for the on-going development of the Council website, including accessibility improvements.

- 4.5 Members are asked to consider the draft 2020/21 Policy and Resources Capital Programme Budget and forward any comments, suggestions for additional projects or proposed amendments to the Chairman or Vice Chairman of the Committee as soon as possible.

5.0 Budget Timetable

- 5.1 The remaining timetable for the setting of the 2020/21 Budgets is summarised below:-

- **During November:** Budget Consultation to be undertaken and the online budget survey launched;
- **During December:** Officers to review and implement any feedback and amendments from Members, consider the consultation responses, incorporate the final Council Tax Base and Council Tax Support Grant figures, and consider any further developments in relation to the 2020/21 budget setting;
- **22nd January:** The final 2020/21 Revenue and Capital Budget proposals, incorporating any new developments, required amendments and the feedback from the budget consultation to be reported to Policy and Resources Committee;
- **29th January:** Revenue and Capital Budgets to be approved by Full Council and the 2020/21 Precept and Council Tax increase to be declared.

6.0 Policy Implications

- 6.1 The consideration of the 2020/21 draft Policy and Resources Revenue and Capital Budgets contributes towards the achievement of Strategic Aim 2 in the Council's Service Delivery Plan:

"To manage the Council's finances and assets in a responsible manner".

7.0 Staffing Implications

- 7.1 The draft budget proposals set out in this report were prepared in consultation with service managers and were discussed and agreed at a meeting of the Performance Management Group on 25th September.

8.0 Financial Implications

- 8.1 The financial implications for the Council are fully set out in the report.

9.0. Crime and Disorder Implications

9.1 None.

10.0 Equal Opportunities Implications

10.1 None.

11.0 Environmental Implications

11.1 None.

12.0 Risk Assessment

12.1 A full risk assessment will be included in respect of the setting of the Council's 2020/21 Revenue and Capital Budget, at the final stage of the budget setting process, when the Council determines and approves the 2020/21 Precept in January 2020.

13.0 General Data Protection Regulations (GDPR)

13.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

14.0 Recommendations

14.1 It is recommended that Members consider and approve the attached draft 2020/21 Policy and Resources Revenue and Capital Budgets and provide any comments, feedback or proposed amendments to the Chairman or Vice Chairman of the Committee as soon as possible.