

SALISBURY CITY COUNCIL

Report

Subject : Capital and Revenue Budget Setting 2020/21
Committee : Full Council
Date : 20 January 2020
Author : Cllr S Jackson, Chair of Finance and Governance Committee

1. Report Summary:

- 1.1. This report seeks approval for Salisbury City Council's proposed capital and revenue budgets for 2020/21, as recommended by the Finance and Governance Committee on 13 January 2020, to be adopted by Full Council on 20 January 2020.
- 1.2. The revenue and capital budgets have been prepared in liaison with Councillors and officers and are presented with approval of the Leader of the Council.
- 1.3. The prepared budgets ensure that funds and targets set facilitate the delivery of council services, provide stability against unforeseeable demands, and enable the maintenance and necessary enhancement of capital assets.

2. Policy Considerations:

- 2.1. The Council must set a balanced budget and comply with all statutory requirements pertaining to the setting of its budgets as set out in the Local Government Act 2003, Part 2, Sections 25 and 26, which holds under clause 25 (1) that the chief finance officer must report on the robustness of the estimates and on the adequacy of the proposed financial reserves.
- 2.2. To satisfy the requirements of the Local Government Act 2003, Councillors must approve a precept which meets the Council's objectives and service level responsibilities, maintains an appropriate level of reserves, and provides stability in the event of any unforeseeable demands.

3. Background Information:

- 3.1. To best support management in the delivery of services, some budget headings, ledger codes and subjective lines have been reviewed and updated.
- 3.2. Such review facilitates the ongoing management and monitoring of income and expenditure, by profiling budgets in line with authorities and responsibilities.

- 3.3. The Council's budgets are financed through a combination of the parish precept, trading income and service fees, borrowing and reserves. The precept is the most local element of the Council Tax levied by Wiltshire Council on properties within the Salisbury parish. Income and service fees primarily derive from Crematorium services, Market Square activities, car parking and rental properties. Borrowing is undertaken through application to the Public Works Loan Board.
- 3.4. Councillors should note that in year building and other property adjustments have marginally increased the City Council's net tax base from 14,501.07 in 2019/20 to 14,731.41 in 2020/21 for Band D equivalent properties. This is an increase in the tax base of 230.34 which generates an additional £47,911 at the band D rate of £208.
- 3.5. In accordance with paragraph 3.6 of the Council's Financial Regulations and Internal Financial Controls "the RFO shall maintain a minimum reserve amount equivalent to two months' gross expenditure". Based on the proposed 2020/21 budget, the RFO considers that a prudent level of general reserves would be £1,046,000.

4. Proposed Revenue Budget 2020/21:

- 4.1. The revenue budget for 2020/21, attached at **Appendix A**, is presented by service function in line with senior management authorities and responsibilities. For reference, the budget approved as at 1 April 2019 for the financial year 2019/20 is attached at **Appendix B**.
- 4.2. Councillors should note that considerable work has been undertaken to present an affordable budget. Fees and charges incurred and levied, inflation and contractual cost changes have been incorporated in budget assumptions.
- 4.3. Cost pressures have included the cessation of funding from Wiltshire Council in respect of the asset transfer, salary increases and associated on costs (as yet unconfirmed by the National Employers for Local Government Services and the National Joint Council), increased utility and supply costs, and reduced income from crematorium activities, due to the fall in the national death rate.
- 4.4. As proposed in the revenue budget for 2019/20, provision has again been made to support an application for a new loan from the Public Works Loan Board. This application was able to be postponed and will not be taken out in 2019/20.
- 4.5. The Council's fees and charges proposed for 2020/21, attached at **Appendix C**, have been reviewed as part of the budget setting process and are recommended by the Finance and Governance Committee for adoption by Full Council.

- 4.6. Councillors should note that certain categories of fees have remained static, as they have done for several years. Such fees and charges include those relating to the Charter Market, garage rents and wedding packages.
- 4.7. Councillors should also note that budgets have been allocated to new services put forward by working groups, including funding for an Environmental Policy Action Plan, the Future Salisbury project, maintenance of the City's roundabouts, the cleansing of the City's ring roads and the transfer of CCTV and its employees from City Watch.

5. Proposed Capital Programme 2020/21:

- 5.1. The capital budget for 2020/21, attached at **Appendix D**, details recurring commitments and non-recurring capital projects, aimed at securing improvements and enhancements to a wide range of capital assets, in support of the effective maintenance and delivery of services and facilities.

6. Cash Balances and Reserves:

- 6.1. The statement at **Appendix E** provides a profile of projected cash balances based on the proposed revenue and capital budgets for 2020/21.
- 6.2. The projected cash balance at the end of the current financial year, based on current levels of income and expenditure is circa £1.6 million. This is the opening figure for the 2020/21 budget period.

7. Parish Council Capping:

- 7.1. On 21 December 2017, the Secretary of State for Communities and Local Government announced that "that the government intends to defer the setting of referendum principles for town and parish councils for three years". This means that the Council, if it were to propose a precept rise in 2020/21, will not be required to hold a local referendum.

8. Proposed Precept Level:

- 8.1. The precept set by the Council must enable it to continue its 'business as usual' functions at current service levels, fund members' chosen service enhancements, and undertake committed asset maintenance and improvement.
- 8.2. The required precept for 2020/21 has been calculated as £3,064,133. Based on a tax base of 14,731.41 this equates to a precept per band D property of £208. This is the same precept as that set in 2018/19 and 2019/20; therefore no change is proposed.
- 8.3. It should be noted that 60% of properties within the City are below band D with the most numerous band in the City being band C. Actual parish precept levels would therefore vary from £138.74 per annum (Band A) to £416.00 per annum (Band H), as illustrated over:

Band	£
Band A	138.74
Band B	161.82
Band C	184.91
Band D	208.00
Band E	254.18
Band F	300.35
Band G	346.74
Band H	416.00

8.4. If Councillors determine that there should be a lower precept set, the Council will need to identify substantial expenditure savings and/or other sources of income. These could include further increases in service fees and charges, the cessation or diminution of services, sale of investment properties, noting the consequential loss of potential future income, or postponements to capital projects.

9. Recommendations:

9.1. Full Council adopts the proposed revenue and capital budgets and the fees and charges for 2020/21, and sets a precept of £3,064,133.

10. Background Papers:

- 10.1. Appendix A - Revenue Budget 2020/2021 (Doc 76708)
- 10.2. Appendix B - Revenue Budget 2019/2020 (Doc 76708)
- 10.3. Appendix C - Fees and Charges 2020/2021 (Doc 76421)
- 10.4. Appendix D – Capital Budget 2020/2021 (Doc 76708)
- 10.5. Appendix E – Three Year Budget Profiling (Doc 76708)

11. Implications:

- 11.1. **Financial:** As shown to this report
- 11.2. **Legal:** As shown to this report
- 11.3. **Personnel:** Nil in relation to this report
- 11.4. **Environmental Impact :** As shown to this report
- 11.5. **Equalities Impact Statement:** Nil in relation to this report