

# SALISBURY CITY COUNCIL

## Report

**Subject** : Capital and Revenue Budget Setting 2019/20  
**Committee** : Finance and Governance Committee  
**Date** : 14 January 2019  
**Author** : Cllr Liz Sirman, Chair of Finance and Governance Committee

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### 1. Report Summary

- 1.1. The purpose of this report is to:
  - 1.1.1. Seek approval for Salisbury City Council's capital and revenue budgets for 2019/20, to enable the effective delivery of Council services and objectives; and
  - 1.1.2. Recommend to Full Council for approval on 21 January 2019 the capital and revenue budgets for 2019/20.
- 1.2. The revenue and capital budgets have been prepared in liaison with Councillors and officers and are presented with the approval of the Leader of the Council.
- 1.3. The budgets prepared seek to ensure that funds and targets set are as effective as possible in facilitating the delivery of current services, provide stability in the event of any unforeseeable demands on resources, 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 are recommended to note and approve the proposed precept of £208 per Band D property which is that required to:
  - 2.2.1. Meet the Council's objectives and service level responsibilities;
  - 2.2.2. Maintain an appropriate level of reserves; and
  - 2.2.3. Provide stability in the event of any unforeseeable demands.
- 2.3 The proposed precept of £208 per Band D property is the same precept as that set for the financial year 2018/19; therefore no change is proposed.

### 3. Background Information

- 3.1. To further enhance clarity for all users and to continue the drive to have in place budgets which best support management in the delivery of their services, budget headings, ledger codes and subjective lines have been reviewed.
- 3.2. Such review aims to enhance the ongoing management and monitoring of income and expenditure, profile budgets in line with authorities and responsibilities, and take account of fixed and variable cost profiles.
- 3.3. The Council's budgets are financed through a combination of trading income and service fees, borrowing and the precept. The former is substantially derived from services provided by the Crematorium, Market Square activities, car parking and rental properties. Borrowing is undertaken through application to the Public Works Loan Board. The parish precept is the most local element of the Council Tax levied by Wiltshire Council on properties within the parish of Salisbury City.
- 3.4. Council should note that in year building and other property adjustments have marginally increased the City Council's net tax base from 14,492.10 in 2018/19 to 14,501.07 in 2019/20 for Band D equivalent properties. This is an increase in the tax base of 8.97 which under the precept band D rate of £208 will generate an additional £1,866.
- 3.5. In accordance with paragraph 3.5 of the Council's Financial Regulations and Internal Financial Controls, to be recommended for approval at Full Council on 21 January 2019, "the RFO shall maintain a minimum reserve amount equivalent to two months' gross expenditure". Based on the proposed 2019/20 budget, the RFO considers that a prudent level of general reserves would be £1,114,000.

### 4. Proposed Revenue Budget 2019/20

- 4.1. The draft revenue budget for 2019/20, attached at **Appendix A**, is presented by service function in line with senior management authorities and responsibilities. For reference, the budget approved as at 01.04.18 for the financial year 2018/19 is attached at **Appendix B**.
- 4.2. The Committee should note that considerable work has been undertaken to present an affordable budget which can be achieved despite the reduction in funding from Wiltshire Council of £89,000 in respect of service responsibilities arising from the asset transfer, alongside other cost pressures including salary increases and associated on costs, increased utility and supply costs, and reduced income from available property assets.
- 4.3. This has been achieved through prudent budgeting across the Council functions, changes to ways of working for some of the Council's functions and the application for a new loan from the Public Works Loan Board. No increase in the precept is proposed.

- 4.4. Potential movements in fees and charges incurred and levied, inflation and contractual cost changes have been incorporated in budget assumptions.
- 4.5. The Council's proposed budget has been devised through consideration of the fees and charges proposed for 2019/20, attached at **Appendix C**. The most notable changes proposed to fees and charges in the budget for 2019/20 are:
- Increase in the Saturday Cremation fee
  - Standardisation and simplification of Guildhall room hire charges
- 4.6. Local Government Pay from 1 April 2019, as published by the National Employers for Local Government Services in June 2018, and under the National Joint Council agreement, is for:
- The introduction of a new pay spine that aims to create a bottom rate of £9.00 per hour for Spinal Point 1 (equivalent to 6 and 7 currently);
  - The pairing off of old Spinal Points 6-17 into new Spinal Points 1 to 6;
  - The creation of equal steps of 2% between Spinal Points 1 and 22;
  - The creation of new Spinal points to achieve the 2% step where no old Spinal Points exist; and
  - A proposed 2% increase for all Spinal Points 23 and above.

This new pay spine has been incorporated into the proposed budget.

## 5. Proposed Capital Programme 2019/20

- 5.1. The draft capital budget for 2019/20, attached at **Appendix D**, details proposed capital expenditure in relation both recurring commitments and non-recurring capital projects.
- 5.2. The Committee should note that, as for revenue, considerable work has been undertaken to present an affordable budget. This has been achieved through re-profiling of programmes of work over the next 3 years.
- 5.3. The capital programme is 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 2019/20.
- 6.2. The projected cash balance at the end of the current financial year, based on current levels of income and expenditure is circa £1.7 million. This is the opening figure for the 2019/20 budget period.

## 7. Parish Council Capping

7.1. When presenting the Local Government finance settlement to the House of Commons 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”.

7.2. 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 proposed precept level which the Council sets must enable the Council to:

- 8.1.1. continue its ‘business as usual’ functions, at current service levels;
- 8.1.2. fund members’ chosen service enhancements;
- 8.1.3. undertake the committed capital programme of asset maintenance and improvement.

The required precept for 2019/20 has been calculated as £3,016,222. Based on a tax base of 14,501.07 this equates to a precept per band D property of £208. Therefore, no change is proposed to the precept.

8.2. 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 below:

<b>Band</b>	<b>£</b>
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

8.3. 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:

- 8.3.1. Further increases in service fees and charges;
- 8.3.2. Savings from the cessation or diminution of services,
- 8.3.3. Capital receipts from the sale of investment properties, noting the consequential loss of potential future income,
- 8.3.4. Further capital programme postponements or cancellations.

## 9. Recommendations

The Finance and Governance Committee is recommended to:

- 9.1. Note the capital and revenue budget proposals.
- 9.2. Approve the revenue and capital budgets for 2019/20.
- 9.3. Recommend to Full Council on 21 January 2019 a precept for 2019/20 of £3,016,222 to enable the council to deliver its programme of service commitments whilst maintaining a prudent level of reserves.

10. **Background Papers:** Appendices A to E (doc 69043 and doc 69059)