

PLYMOUTH CITY COUNCIL

Subject:	Updated report on Delivering the Co-operative Vision within a Four Year Budget and Proposed Council Tax Levels.
Committee:	City Council
Date:	23 February 2015
Cabinet Member:	Councillor Lowry
CMT Member:	Tracey Lee (Chief Executive)
Author:	David Northey, Head of Corporate Strategy
Contact details	Tel: 01752 305428 email: david.northey@plymouth.gov.uk
Ref:	
Key Decision:	No
Part:	I

Purpose of the report:

This report is a technical requirement to set out the decisions of Cabinet of 10 February 2015 to recommend a balanced Revenue Budget for 2015/16 within the four year 2015/16 – 2018/19 budget plan, and Capital Budget for 2015/16 – 2017/18. In addition, Council is recommended to approve the Treasury Management Strategy Statement and Annual Investment Strategy 2015/16, including changes to the prudential indicators; note the mid-year review of the 2014/15 Treasury Management Strategy which has been referred to the City Council by the Audit Committee; approve the recommendation from the Chief Officers' Appointments Committee to cover the interim arrangements for the Council's Section 151 Officer. In addition, Council is asked to note the Capital and Revenue Monitoring Report 2014/15.

Council is also recommended to set the Council Tax amounts for 2015/16 as set out in this report.

The following appendices are included with this report:

Appendix 1 Delivering the Co-operative Vision within a 4 year budget

Appendix 2 Scrutiny report on Delivering the Co-operative Vision within a Four Year Budget

Appendix 3 Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 including the mid-year review of the 2014/15 Treasury Management Strategy

Appendix 4 Capital and Revenue Monitoring Report 2014/15

The Brilliant Co-operative Council Corporate Plan 2013/14 – 2016/17:

In July 2013, the Council adopted a new Corporate Plan, to be a Brilliant Co-operative Council. The plan contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth. It focuses on Co-operative values which will inform the way that the Council goes about its business.

Setting a robust, reliable four year budget is crucial for the council to deliver against its co-operative vision. With falling resources and increasing demand and costs on our services, it is imperative that a more strategic, and prioritised, approach is taken to medium term budget setting.

Implications for Medium Term Financial Plan and Resource Implications:

In broad terms, the revenue resource forecasts detailed in the December 2014 budget papers have not changed significantly for 2015/16 although the mix of the individual component elements have changed. However, as announced at Cabinet 10 February 2015, following consultation on the Settlement, Plymouth City Council was awarded an additional one-off £0.439m towards the provision of social care during 2015/16. This allocation has now been incorporated into the 2015/16 budget.

Once approved this budget will become the base for the Medium Term Financial Strategy. As the Local Government funding environment remains highly volatile any significant updates to Medium Term Financial Forecasts will be incorporated within quarterly monitoring throughout 2015/16 in order to factor in changes to estimates and spend commitments.

The 2015/16 revenue resources, as stated in the published budget papers, were £190.870m. Although shown within the overall savings package for next year, some of these transactions have to be treated as income along with other changes to resources as follows:

- £0.650m additional business rates from growth (transformation);
- £0.650m additional council tax from building more houses (transformation);
- £0.400m re-calculation of business rates incorporating pooling arrangements
- £0.439m one-off additional funding from the final Settlement allocation, following consultation, allocated for social care provision

Therefore, the final target revenue budget for 2015/16 is £193.009m. To achieve like for like comparison, target budgets have been stated prior to changes to management responsibilities in late 2014. Relevant adjustments will be made early in the new financial year.

This budget requires, as detailed in the published papers, a council tax increase of 1.99 per cent in 2015/16.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

All actions being taken have been considered for their impact on: council priorities, legal obligations, customers and other services and partners. Each separate action has been risk assessed in terms of potential barriers to implementation with corresponding mitigation put in place.

Equality and Diversity

An EIA was published as a background paper with the December 2014 Budget Report to Cabinet. We have given due regard to our Public Sector Equality Duty for all relevant management actions and budget solutions that underpin this budget, our summary of this consideration was appended to Cabinet in February as a background paper. Wherever potential adverse impact is identified we will conduct a full Equality Impact Assessment.

Recommendations and Reasons for recommended action:

The City Council is recommended:

1. To agree that the additional one-off resources as determined through the December 2014 Settlement are deployed to the 2015/16 revenue budget and allocated to the provision of social care within the People Directorate:
2. To approve an increase of one point nine nine per cent (1.99%) in Council Tax for 2015/16:
3. To approve the proposed net revenue budget requirement for 2015/16 of £193.009m;
4. To approve the total capital budget of £237.405m for 2014 to 2018. Any changes to the overall capital funding available to be sanctioned by the Council's Section 151 Officer;
5. to agree that all newly approved capital schemes are incorporated within regular public finance reporting;
6. to agree that using the Council tax base for 2015/16 as 68,460.0 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; calculate that the **Council tax requirement** for the Council's own purposes for 2015/16 is £90,406,907;
7. to agree that the following amounts are calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Act:
 - a) £541,135,291 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (**Gross Expenditure and Transfers to Reserves**);
 - b) £450,728,384 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (**Gross Income and Transfers from Reserves**);
 - c) £90,406,907 being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its **Council tax requirement** for the year. (Item R in the formula in section 31B of the Act);
 - d) £1,320.58 being the amount at 7(c) above (Item R), all divided by Item T (6 above), calculated by the Council, in accordance with Section 31B of the Act, as the **basic amount of its Council tax** for the year;

8. To note that the Office of the Devon and Cornwall & Isles of Scilly Police Commissioner has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area. These are included in the tables below, reflecting a 1.99% increase:
9. To note that the Devon and Somerset Fire and Rescue Authority precepts are shown assuming a proposed 1.99% increase. The precept will be proposed and expected to be approved at their budget meeting to be held on the morning of 20 February 2015; if there are any changes as a result of that meeting this table will be amended and the revised figures will be presented in advance of Full Council:
10. in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, to set the indicative aggregate amounts shown in the tables below as the amounts of Council Tax for 2015/16 for each part of its area and for each of the categories of dwellings -

Plymouth City Council after one point nine nine per cent (1.99%) increase

A	B	C	D	E	F	G	H
£880.38	£1,027.12	£1,173.85	£1,320.58	£1,614.04	£1,907.50	£2,200.96	£2,641.15

Devon and Cornwall Police and Crime Commissioner after one point nine nine per cent (1.99%) increase

A	B	C	D	E	F	G	H
£112.98	£131.81	£150.64	£169.47	£207.13	£244.79	£282.44	£338.93

Devon and Somerset Fire and Rescue Authority after one point nine nine per cent (1.99%) increase

A	B	C	D	E	F	G	H
£52.28	£60.99	£69.71	£78.42	£95.85	£113.27	£130.70	£156.84

Aggregate of Council Tax Requirements 2015/16

A	B	C	D	E	F	G	H
£1,045.64	£1,219.92	£1,394.19	£1,568.46	£1,917.01	£2,265.56	£2,614.11	£3,136.93

11. that in accordance with the principles approved under 52ZB of the Local Government Finance Act 1992, the Council's relevant basic amount of council tax for 2015/16 is not more than two per cent (2%) higher than the relevant basic amount of council tax for 2014/15 and that it is therefore determined that the Council's relevant basic amount of Council Tax for 2015/16 is not excessive and for this reason a referendum will not be required:
12. To agree the annual Treasury Management Strategy and Annual Investment Strategy 2015/16 (incorporating the authorised limits, operational boundaries and prudential indicators) as submitted:
13. To note the mid-year review of the 2014/15 Treasury Management Strategy:
14. To note the Capital and Revenue Monitoring Report 2014/15:

15. To approve the recommendation from the Chief Officers' Appointments Committee to cover the interim arrangements for the Council's Section 151 Officer.
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Alternative options considered and rejected:

A one year financial planning horizon will not support the long term decision making required to deliver the objectives of the Corporate Plan. The Council's financial stability will be put at risk unless a transformative approach is taken to revising its delivery arrangements in the coming years.

We could present the budget and Council Tax level to a Full Council meeting in March, ahead of the statutory deadline of 31 March. However, this would give the tax payers in Plymouth very little advanced notice of the tax levels, and also make it difficult for our Revenues and Benefits department to ensure the required processes are in place to start collecting revenues as they become due.

Published work / information:

Delivering the Co-operative Vision within a 4 year [Budget](#) – December 2014

Delivering the Co-operative vision Council [report](#) Sept 2013

The Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) [Regulations](#) 2003

Capital Financing [Regulations](#) (2012)

The Prudential [Code](#) for Capital Finance in Local Authorities (2011 edition)

Background papers:

None

Sign off:

Fin	DJN 14/15.44	Leg	DVS 22331	Mon Off	DVS 22331	HR		Assets		IT		Strat Proc	
Originating SMT Member: Malcolm Coe													
Have the Cabinet Members agreed the contents of the report? Yes													