

PLYMOUTH CITY COUNCIL

Subject: Continuing to deliver the Co-operative Vision and Proposed Council Tax Levels for 2016/17.

Committee: City Council

Date: 29 February 2016

Cabinet Member: Councillor Lowry

CMT Member Lesa Annear (Strategic Director for Transformation and Change)

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Ref:

Key Decision: No

Part: I

Purpose of the report:

This report is a technical requirement to set out the decisions of Cabinet of 16 February 2016 to recommend a balanced Revenue Budget for 2016/17, and Capital Budget for the five years to 2019/20. In addition, Council is recommended to approve the Treasury Management Strategy Statement and Annual Investment Strategy 2016/17, including changes to the prudential indicators; and approve the change of policy in the calculation of the Minimum Revenue Provision using the annuity method with effect from 2015/16. In addition, Council is asked to note the Capital and Revenue Monitoring Report 2015/16.

Council is also required to set the Council Tax amounts for 2016/17. We have the precept notification from the office of the Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly, and have also been advised of the precept for the Devon and Somerset Fire and Rescue Service.

The proposal to apply the new Adult Social Care precept is presented in this report alongside options on whether to freeze or increase the core Council Tax charge for 2016/17.

The following appendices are included with this report:

Appendix 1 Revenue and Capital Budget 2016/17 report and Cabinet Minute 75

Appendix 2 Treasury Management Strategy Statement and Annual Investment Strategy 2016/17 and Cabinet Minute 76

Appendix 3 Capital and Revenue Monitoring Report 2015/16 Quarter 3 and Cabinet Minute 77

Appendix 4 Cabinet's response to the scrutiny recommendations and Cabinet Minute 74 and the scrutiny report

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 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 budget setting.

Implications for Medium Term Financial Plan and Resource Implications:

Due to timing, the indicative budget report presented at the December 2015 Cabinet was unable to fully reflect the Local Settlement 2016/17 for Plymouth. The resources were based on our assumptions around our three key resource streams: Revenue Support Grant; Business Rates and Council Tax.

At the February Cabinet meeting, we were able to update our resources to reflect the final settlement although at the time of writing that report we were still awaiting the notification of our Public Health grant for 2016/17.

The Settlement confirmed our anticipated reduction to our core Revenue Support Grant (RSG).

Our allocation has reduced from the current year's £44.550m to £33.211m

	2015/16	2016/17	Reduction	Reduction
	Actual	Settlement		
	£m	£m	£m	%
Revenue Support Grant (RSG)	44.550	33.211	(11.339)	(25.45)

The Final Settlement also resulted in reductions to specific grant funding we receive. In particular our Education Services Grant (ESG) reduced from £2.476m to £2.258m, a reduction of £0.218m; Housing benefit Administration Grant reduced from £1.756m to £1.255m, a reduction of £0.501m. The Chancellor also withdrew the Council Tax Freeze Grant, offered in previous years, which meant a further loss of £0.911m for 2016/17.

The Department of Health has considered feedback on the consultation of Public Health Grant undertaken in October 2015. Plymouth City Council's Public Health Grant for 2016/17 has reduced by £0.374m meaning since 2015/16 Plymouth's allocation has been cut by £1.169m.

Once approved, this budget will become the base for the Medium Term Financial Strategy 2016-2020. As the Local Government funding environment remains highly volatile any significant updates to MTFs will be incorporated within quarterly monitoring throughout 2016/17 in order to factor in changes to estimates and spend commitments.

The attached Revenue and Capital Budget 2016/17 presented to Cabinet 16 February 2016 showed a funding gap of £1.575m. This was based upon applying a two per cent (2%) Adult Social Care precept of £1.845m.

The funding options are:

- To apply the ASC precept up to a maximum of two per cent (2%);
- Freeze the basic council tax charge;
- Raise the basic council tax charge up to a maximum of one point nine nine percent (1.99%);
- And/or a one-off draw down from reserves.

The target revenue budget for 2016/17 is £186.702m. To achieve like for like comparison, target budgets have been stated prior to any changes to management responsibilities in late 2015/16. Relevant adjustments will be made early in the new financial year.

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

Due to the nature of the financial savings required, it is inevitable that there are some over-arching risks associated with delivering a balanced budget.

The Local Government funding environment remains highly volatile. As such, updates to Medium Term Financial Forecasts will be incorporated within quarterly monitoring throughout 2016/17 in order to factor in changes to estimates and spend commitments.

Equality and Diversity

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 consider an Adult Social Care council tax precept and council tax levels for 2016/17;
2. To approve the proposed net revenue budget requirement for 2016/17 of £186.702m;
3. To approve the total capital budget of £419.116m to 2020;
4. 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, reflecting a one point nine nine per cent (1.99%) increase for 2016/17;
5. To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed reflecting a one point nine nine per cent (1.99%) increase for 2016/17;
6. To agree the annual Treasury Management Strategy and Annual Investment Strategy 2016/17 (incorporating the authorised limits, operational boundaries and prudential indicators) as submitted:

7. To approve the change of policy in the calculation of the Minimum Revenue Provision using the annuity method with effect from 2015/16
8. To note the Capital and Revenue Monitoring Report Quarter Three 2015/16:

Alternative options considered and rejected:

We have a statutory obligation to present a balanced budget for the financial year 2016/17.

We do have the option to 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:

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:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Medium term Financial Strategy 2016-2020	X									

Sign off:

Fin	akh1516.74	Leg	lt/25143	Mon Off	DVS/25143/230216	HR		Assets		IT		Strat Proc	
Originating SMT Member: Andrew Hardingham													
Have the Cabinet Members agreed the contents of the report? Yes													