

## **Council - Meeting 25 February 2016**

### **Item 5: Budget-Setting Report (BSR) 2016/17**

#### **5(a) EXECUTIVE AMENDMENT**

#### **Background**

This report details recommended Executive amendments to the Budget-Setting Report 2016/17 since this was recommended to Council by the Executive at its meeting on 21 January 2016.

Unless otherwise stated, any references in the recommendations to sections, pages and appendices relate to Version 1 of the Budget Setting Report (BSR) 2016/17.

#### **New or updated information:**

- **Section 25 Report (Robustness of Estimates and Adequacy of Reserves), as reported to Strategy & Resources on 8 February 2016:**

This report is made under the Local Government Act 2003, which requires that the Chief Financial Officer reports to the authority, when it is making the statutory calculations required to determine its Council Tax or precept, on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves [Section 10, page 45 refers]

- **Council Tax Base 2016/17 and Council Tax Setting 2016/17:**

Updating Council Tax Base 2016/17 and Council Tax Setting 2016/17 [Appendices A(a) and A(b), pages 46 and 47 refer], following notifications from precepting authorities.

- **Final Local Government Finance Settlement:**

The Final Settlement announced by the Government on 8 February 2016 confirmed the figures in the provisional settlement for the City Council which were built into the BSR.

Under the Localism Act, local authorities are required to hold a local referendum if they propose to increase Council tax above the relevant limit set by the Secretary of State and in recent years this threshold has been set at 2%. This level has been confirmed for 2016/17, except that councils such as the City council, who charge less than £250 at band D, can increase that charge by £5 rather than 2%, which approximately amounts to a 2.8% increase. Previously this was only available to districts in the lower quartile of CT rates. The Government's core spending power calculation assumes that this higher increase is taken.

The Executive intends to raise this additional revenue to enable the funding of additional items and to protect the long-term tax base of the city in the light of a range of increased risks to our financial future and that is included in the Executive proposals below.

- **The Executive Proposes:**

**Revenue:**

The Executive intends to raise this additional income from Council Tax to enable the funding of additional items. New Budget items are attached together with the changes to the BSR tables.

**Capital - Electric Vehicle Charging points:**

The City Council are preparing a bid to Central Government for funding for electric vehicle charging points and subsidies for the purchase of Electric taxis. This bid has been supported by a government funded feasibility study. We have, in late January, since the draft BSR was published, received a draft of the study.

The indications and advice we have received in January and February have made it clear that our bid is more likely to succeed if we show genuine policy and financial commitment to support its aims. We therefore are seeking commitment to support additional rapid charging infrastructure in the form of one additional rapid charging point in each of the first four years of the programme. This project, subject to the recommendation of the Executive Councillor for Planning Policy & Transport, will be included in the Council's capital process. An outline business case (Part A) will be prepared and reviewed by the Capital Programme Board for inclusion on the Projects Under Development list.

Alongside this, other policy incentives to promote uptake of Electric Taxis including, potentially, a fee waiver policy will be considered, in support of the bid, through the normal committee process during 2016/17, subject to the completion of consultation with the taxi trade and other stakeholders.

**Recommendations:**

Council is recommended to approve the amendments outlined above, namely:

(a) **Section 25 Report:**

Insert into the BSR the Section 25 report [Section 10, page 45 refers].

(b) **Council Tax Base 2016/17 and Council Tax Setting 2016/17:**

Insert into the BSR updated Council Tax Base 2016/17 and Council Tax Setting 2016/17 [Appendices A(a) and A(b), pages 46 and 47 refer]

(c) **The Executive Amendment:**

- Revenue: Amend for the new budget items [Appendix B, pages 53 to 67 refer]

- Capital: Recommend that Executive Councillor for Planning Policy & Transport include the Electric Vehicle Charging Point project in the Council's capital process.

**and to authorise** the Section 151 officer to make necessary changes to the Budget Setting Report 2016/17, to be considered by Council at the meeting on 25 February 2016, to reflect the impact of changes for the above.

**Note that Council will be notified of any further changes for incorporation into the BSR (other than in respect of any other minor typographical amendments).**

# Appendix A(a)

## Calculation of Council Tax Base 2016/17

	Council Tax Bands									
	A entitled to disabled relief reduction	A	B	C	D	E	F	G	H	Total
Dwellings on the valuation list		3,451	9,857	18,652	9,368	5,356	3,450	2,958	463	53,555
Dwellings treated as exempt		(605)	(536)	(878)	(637)	(413)	(237)	(366)	(165)	(3,837)
Adjustments for disabled relief (i.e. reduced by one band)		(1)	(14)	(45)	(27)	(19)	(8)	(11)	(2)	(127)
	1	14	45	27	19	8	11	2	0	127
<b>Total chargeable dwellings</b>	<b>1</b>	<b>2,859</b>	<b>9,352</b>	<b>17,756</b>	<b>8,723</b>	<b>4,932</b>	<b>3,216</b>	<b>2,583</b>	<b>296</b>	<b>49,718</b>
<b>Number of dwellings included in the totals above:</b>										
Where there is a liability to pay 100% council tax	0	1,121	4,376	12,234	6,342	3,738	2,553	2,152	260	32,776
That are assumed to be subject to a discount or premium	1	1,738	4,976	5,522	2,381	1,194	663	431	36	16,942
<b>Dwelling Equivalents:</b>										
<b>Number of dwelling equivalents after applying discounts and premiums to calculate taxbase</b>	<b>0.8</b>	<b>2,416.0</b>	<b>8,078.3</b>	<b>16,352.0</b>	<b>8,102.0</b>	<b>4,617.8</b>	<b>3,041.0</b>	<b>2,464.3</b>	<b>283.8</b>	<b>45,355.8</b>
Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
<b>Band D equivalents</b>	<b>0.4</b>	<b>1,610.7</b>	<b>6,283.1</b>	<b>14,535.1</b>	<b>8,102.0</b>	<b>5,643.9</b>	<b>4,392.5</b>	<b>4,107.1</b>	<b>567.5</b>	<b>45,242.3</b>
Band D equivalent contributions for Government properties										1.0
Allowance for Council Tax Support										(4,111.8)
<b>Tax base after allowance for Council Tax Support</b>										<b>41,131.5</b>
	Add			Estimated net growth in tax base						810.3
	Less			Adjustment for student exemptions						(470.6)
	Less			Assumed loss on collection at 1.3%						(539.1)
<b>Total Band D Equivalents – Tax base for Council Tax and Precept Setting Purposes</b>										<b>40,932.1</b>

# Appendix A(b)

## Council Tax Setting 2016/17

1. The Council calculated its Council Tax Base 2016/17 for the whole Council area as **40,932.1** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
2. The Council calculates that the Council Tax requirement for the Council's own purposes for 2016/17 is **£7,439,410**
3. That the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:

- |     |                     |  |
|-----|---------------------|--|
| (a) | <b>£186,409,040</b> | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act  |
| (b) | <b>£178,969,630</b> | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act  |
| (c) | <b>£7,439,410</b>   | being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(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) | <b>£181.75</b>      | being the amount at 3(c) above (Item R), all divided by the amount at 1 above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.   |

4. To note that Cambridgeshire County Council, the Cambridgeshire Police and Crime Commissioner and Cambridgeshire & Peterborough Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2016/17 for each of the categories of dwellings in the Council's area.

<b>Dwelling Band</b>	<b>City Council £</b>	<b>County Council £</b>	<b>Police and Crime Commissioner £</b>	<b>Fire &amp; Rescue Authority £</b>	<b>Aggregate Council Tax £</b>
A	121.17	778.08	122.10	43.68	1,065.03
B	141.36	907.76	142.45	50.96	1,242.53
C	161.56	1,037.44	162.80	58.24	1,420.04
<b>D</b>	<b>181.75</b>	<b>1,167.12</b>	<b>183.15</b>	<b>65.52</b>	<b>1,597.54</b>
E	222.14	1,426.48	223.85	80.08	1,952.55
F	262.53	1,685.84	264.55	94.64	2,307.56
G	302.92	1,945.20	305.25	109.20	2,662.57
H	363.50	2,334.24	366.30	131.04	3,195.08

6. The Council determines that, in accordance with Section 52ZB of the Local Government Finance Act 1992, the basic amount of its council tax for 2016/17 is not excessive.

## 2016/17 Budget - GF

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Bids

## Strategy &amp; Transformation

<b>B3859</b>	<b>Referrals to the Chronically Excluded Adults programme</b>	0	33,000	33,000	33,000	33,000	Lynda Kilkelly	Nil
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*It is important for both community safety and our anti-poverty strategy that citizens of Cambridge who engage in a street-based lifestyle, and who are often at risk of extremely poor health outcomes as well as being more likely to engage in anti-social behaviour, are helped to change their lives, in conjunction with appropriate enforcement when their behaviour is inappropriate or threatening. To that end, this bid gives funding for an additional full-time position in the County Council's Chronically Excluded Adult Team (CEAT), ring-fenced to enable the City Council-led Task and Target group (the multi-agency group tackling street-based anti-social behaviour) to refer individuals responsible for anti-social behaviour in the street life community for individualised support. The scheme will be measured by reductions in arrests, cautions and reports of abusive behaviour. Initially funded for 4 years.*

8.0

<b>B3860</b>	<b>Speed Test kits</b>	0	5,000	0	0	0	Lynda Kilkelly	+L
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*Funding for two lightweight speed test kits for use by residents and community groups in the city through the Police's Community Speedwatch initiative. Residents express persistent concerns about Neighbourhood Policing consultations at area committees across the city which relate closely to the City Council's own objectives in introducing 20 mph zones in residential streets. In relation to other priorities the Police have difficulty in dedicating officers to frequent speed checks, but through Community Speed Watch they do offer to residents' groups training, the loan of equipment and follow-up warning letters to speeding motorists. The availability of equipment is an important constraint on their ability to support this, in particular with the most up-to-date, lightweight equipment.*

2.5

<b>Total Bids in Strategy &amp; Transformation</b>	<b>0</b>	<b>38,000</b>	<b>33,000</b>	<b>33,000</b>	<b>33,000</b>	<b>33,000</b>		
<b>Total Bids</b>	<b>0</b>	<b>38,000</b>	<b>33,000</b>	<b>33,000</b>	<b>33,000</b>	<b>33,000</b>		

**2016/17 Budget - GF**

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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**Increased Income**

**Non-Committee Items**

113861	<b>Council Tax Increase by £5 (rather than the original 2%)</b>	0	(60,580)	(61,790)	(63,030)	(64,290)	Caroline Ryba	Nil
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Under the Localism Act, local authorities are required to hold a local referendum if they propose to increase Council tax above the relevant limit set by the Secretary of State. n/a

In recent years this threshold has been set at 2%. This level has been confirmed for 2016/17, except that councils such as the City council, who charge less than £250 at band D, can increase that charge by £5 rather than 2%, which approximately amounts to a 2.8% increase.

The Executive intends to raise this additional revenue to enable the funding of additional items and to protect the long-term tax base of the city in the light of a range of increased risks to our financial future.

<b>Total Increased Income in Non-Committee Items</b>	<b>0</b>	<b>(60,580)</b>	<b>(61,790)</b>	<b>(63,030)</b>	<b>(64,290)</b>
<b>Total Increased Income</b>	<b>0</b>	<b>(60,580)</b>	<b>(61,790)</b>	<b>(63,030)</b>	<b>(64,290)</b>



## 2016/17 Budget - GF

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Unavoidable Revenue Pressure

## Strategy &amp; Transformation

URP3858	Apprenticeship Levy	0	0	96,000	96,000	96,000	Deborah Simpson	Nil
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The Government's ambition is to create 3 million apprenticeships by 2020 and it is thought that the levy will allow employers to meet ambitions for improvement in training quality while growing the number of apprentices. The apprenticeship levy will come into effect in April 2017. It will be payable by employers in the UK at 0.5% of their pay bill if it is in excess of £3 million per year. Each employer will have 2 years to use their levy funding before it expires. The levy funding is to be used for direct training and assessment costs for an apprentice. The levy funding will not support apprentice wages. All employers will receive an allowance of £15,000 to offset against payment of the levy. The General Fund element of the levy is estimated to cost £96k. 6.3

## Total Unavoidable Revenue Pressure in Strategy &amp; Transformation

0	0	96,000	96,000	96,000
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## Total Unavoidable Revenue Pressure

0	0	96,000	96,000	96,000
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## Report Total

0	(22,580)	67,210	65,970	64,710
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# Executive Budget Amendment – BSR Replacement Tables

## Savings (BSR, page 28)

Savings Targets	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>MFR 2015 - Current Savings Target (new savings each year)</b>	<b>589</b>	<b>(255)</b>	<b>461</b>	<b>1,713</b>	<b>1,713</b>
Previous year savings not achieved / (over achieved)	-	(103)	-	-	-
<b>Revised savings target</b>	<b>589</b>	<b>(358)</b>	<b>461</b>	<b>1,713</b>	<b>1,713</b>
New pressures in year	634	508	(207)	(394)	-
<b>Revised savings target including pressures</b>	<b>1,223</b>	<b>150</b>	<b>254</b>	<b>1,319</b>	<b>1,713</b>
New deliverable savings found in year	(1,326)	24	82	28	-
<b>Savings still to be found</b>	<b>(103)</b>	<b>174</b>	<b>336</b>	<b>1,347</b>	<b>1,713</b>

## General Fund Projection (BSR, page 32)

Description	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Expenditure</b>						
Net service budgets	19,631	18,396	19,095	20,208	21,277	23,245
Revenue Budget Proposals - MFR including removing PPF	-	366	65	(210)	(310)	(410)
Revenue Budget Proposals – BSR (including increased Council Tax)	-	(692)	(160)	(286)	(651)	(651)
Capital accounting adjustments	(5,422)	(5,422)	(5,422)	(5,422)	(5,422)	(5,422)
Capital expenditure financed from revenue	10,726	1,787	1,798	1,798	1,786	1,786
Contributions to earmarked funds	11,026	9,107	6,822	6,349	7,541	6,687
Revised net savings requirement	-	103	(174)	(336)	(1,347)	(1,713)
Contribution to reserves	-	-	-	185	342	56
<b>Net spending requirement</b>	<b>35,961</b>	<b>23,645</b>	<b>22,024</b>	<b>22,285</b>	<b>23,216</b>	<b>23,578</b>
<b>Funded by:</b>						
Settlement Funding Assessment (SFA)	(6,890)	(5,864)	(5,090)	(4,670)	(4,240)	(4,320)
Locally Retained Business Rates – Growth Element	(800)	(800)	(800)	(800)	(800)	(800)
Other grants from central government	-	-	-	-	-	-
New Homes Bonus (NHB)	(4,963)	(6,323)	(7,262)	(8,531)	(9,694)	(9,976)
Appropriations from earmarked funds	(14,803)	(549)	(382)	(382)	(382)	(382)
Council Tax	(7,060)	(7,292)	(7,709)	(7,902)	(8,100)	(8,100)
Contributions from reserves	(1,446)	(2,817)	(781)	-	-	-
<b>Total funding</b>	<b>(35,961)</b>	<b>(23,645)</b>	<b>(22,024)</b>	<b>(22,285)</b>	<b>(23,216)</b>	<b>(23,578)</b>

## General Fund Reserves (BSR, page 40)

Description	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Balance as at 1 April (b/fwd)</b>	<b>(11,525)</b>	<b>(10,079)</b>	<b>(7,262)</b>	<b>(6,481)</b>	<b>(6,666)</b>	<b>(7,008)</b>
Contribution (to) / from reserves	1,446	2,817	781	(185)	(342)	(56)
<b>Balance as at 31 March (c/fwd)</b>	<b>(10,079)</b>	<b>(7,262)</b>	<b>(6,481)</b>	<b>(6,666)</b>	<b>(7,008)</b>	<b>(7,064)</b>