



AGENDA ITEM: 16

COUNCIL: 24 February 2016

Report of: Interim Borough Treasurer

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SUBJECT: BUDGET REQUIREMENT 2016/17

Wards affected: Borough Wide

1.0 PURPOSE OF THE REPORT

1.1 To enable the Council to set its budget for the next financial year.

2.0 RECOMMENDATIONS

- 2.1 That the General Revenue Account (GRA) budget be approved based on the proposals to be presented at the Council meeting.
- 2.2 That the GRA Reserves Policy set out in Appendix A to this report be approved.
- 2.3 That delegated authority be given to the Acting Chief Executive and Heads of Service to take all necessary action to implement the changes resulting from the budget proposals.
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3.0 BACKGROUND

- 3.1 The Council is required to set a budget and determine its council tax before the start of each financial year in accordance with statutory requirements and proper accounting practices.
- 3.2 The draft budget position was considered by Cabinet at its meeting of 12th January. The Executive Overview and Scrutiny Committee also considered this

position at its meeting of 28th January but did not agree any comments on the budget.

- 3.3 The Portfolio Holder for Finance has been given delegated authority to submit proposals to Council at its meeting on 24th February to enable the budget to be set. This meeting will provide all Members with the opportunity to debate and agree the budget.

4.0 CURRENT YEAR BUDGET MONITORING

- 4.1 The GRA budget approved by Council for the 2015-16 financial year provided for net expenditure of £12.954m. Throughout the year Heads of Service and their staff have been monitoring and controlling their expenditure and income against their approved budgets, and monitoring reports have been made to Members on performance.

- 4.2 The mid-year monitoring report projected an overall favourable variance of £360,000 or 2.8% on the budget. The latest third quarter monitoring figures show an improvement of £110,000, and now forecast an updated favourable variance of £470,000 or 3.6% of the budget. These projections have been calculated on a prudent basis, and consequently should be achieved. Members can decide how they wish to use this favourable variance as part of the budget setting process.

5.0 RESERVES AND BALANCES

- 5.1 In accordance with statutory regulations and CIPFA guidance the levels of balances and reserves have been reviewed during the budget process to ensure that they are currently sufficient and that they will remain adequate over the medium term. Base Budget Review principles have been applied as part of this process to consider whether reserves are being used on a regular basis, may no longer be required, can be amended to reflect changes in the Council's financial strategies, or are above the minimum levels set out in the Reserves policy.

- 5.2 Following this review a number of changes are now proposed to the structure and level of reserves including:

- The deletion of the Corporate Income Reserve, Strategic IT Reserve, Planning Delivery Grant Reserve, and Budget Equalisation Reserve
- Reductions in the values of the Benefits Equalisation Reserve, Major Projects Reserve, Benefits / Council Tax Support Initiatives Reserve, and Business Rate Income Equalisation Reserve
- The creation of a new Planning Income Equalisation Reserve (which was previously reported to the July 2015 Council meeting)

- 5.3 Details on the purpose and proposed level of reserves and balances are shown in the GRA Reserves Policy in Appendix A. The proposed changes have identified that a total of £2,282,000 will no longer be required, and this amount can now be reallocated to other purposes. This funding can be used for revenue or capital schemes, but as it is a one off funding source it is suitable for temporary schemes and projects rather than for ongoing budget requirements.

6.0 BUDGET POSITION FOR 2016-17

- 6.1 Draft estimates have been prepared for next year that set out a provisional budget for the Council covering all areas of expenditure and income. Details on these estimates are included in Appendix B, which I have reviewed to ensure that they are robust for the purposes of the budget calculation in accordance with statutory requirements and accounting codes of practice. The draft estimates have been prepared to include the increases in the base budget required to roll forward agreed service levels, covering a range of standard factors such as the national pay agreement, contractual increments, contract inflation, and changes in recharges. These estimates show that there is currently a budget gap of £838,000 between the spending required to maintain agreed service levels and the resources that are expected to be available. The Policy Options and Management Restructuring reports elsewhere on this agenda contain proposals for savings, which if agreed would reduce the scale of this budget gap.
- 6.2 Statutory regulations require that a council tax base figure is calculated each year that reflects the amount of income that can be raised through the council tax. The tax base has increased this year from 33,587.59 to 34,020.96 (expressed in number of Band D equivalent properties), which represents an increase of 1.3%, mainly as a result of new homes being built in the Borough.
- 6.3 The draft budget includes an allowance of £125,000 to fund new budget issues and to deal with spending and income pressures. However the final value of budget issues will depend on the proposals agreed by Members at the Council meeting. If the value of these budget issues exceeds the £125,000 provision it will increase the scale of the budget gap. Conversely if the value of budget issues is below the £125,000 provision it will reduce the amount of the budget gap.

7.0 BUDGET APPROVAL

- 7.1 The Portfolio Holder for Finance has been given delegated authority to submit proposals for consideration at the Council meeting to enable the budget to be determined, and it is anticipated that a set of budget papers will be circulated at the meeting to enable this to be achieved.

8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 8.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

9.0 RISK ASSESSMENT

- 9.1 The formal consideration and reporting of the budget estimates is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set.
- 9.2 The challenging financial position facing local authorities has been evaluated and assessed as being a key risk, and consequently is included on the Council's key risk register.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this report.

Equality Impact Assessment

The direct impact on members of the public, employees, elected members and / or stakeholders is dependent on the proposals to be put forward at the Council meeting. Therefore no Equality Impact Assessment has been produced at this time. However, an Assessment will be produced and made available at the Council meeting if required.

Appendices

Appendix A – GRA Reserves Policy

Appendix B – Draft General Revenue Account Estimates