

CABINET AGENDA



TUESDAY 9 FEBRUARY 2016 AT 7.30 PM
DBC BULBOURNE ROOM - CIVIC CENTRE

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Williams (Leader)
Councillor Griffiths (Deputy Leader)
Councillor Elliot

Councillor Harden
Councillor Marshall
Councillor G Sutton

For further information, please contact Michelle Anderson

AGENDA

- (a) Budget final settlement (Pages 2 - 6)

Agenda Item 7a

Supplementary to Cabinet Report: Budget 2016/17

Contacts: Cllr Graeme Elliot, Portfolio Holder for Finance & Resources
James Deane, Corporate Director (Finance & Operations)

Recommendations

Following the issuance of the Final Local Government Finance Settlement on 8 February 2016, the following supplementary recommendations are recommended to Cabinet. Each recommendation listed below supersedes the recommendations of the same letter within the original Cabinet Report. All other recommendations in the Cabinet Report remain extant and are not superseded by the recommendations listed below.

It is recommended that Cabinet recommend to Council approval of the following recommendations:

- a) set a Dacorum Borough Council General Fund Council Tax requirement of £10.218m, and of £10.908m for the combined Borough Council and Parish Councils' requirement for 2016/17;
- b) approve an increase of 2.78% in Council Tax for Dacorum Borough Council;
- c) approve the base estimates for 2016/17, as shown in Supplementary Appendix A1, and the indicative budget forecasts for 2016/17 – 2019-20, as shown in Supplementary Appendix A2;
- d) approve the forecast balances of the Revenue Reserves as shown in the Supplementary Appendix J, and approve paragraphs 10-20 of the Cabinet report as the updated Reserves Strategy.

Background

1. On 17 December 2015, the Provisional Local Government Finance Settlement for 2016/17 was announced. The Provisional Settlement formed the basis for the Council's draft 2016/17 budget, which was scrutinised by Joint Overview & Scrutiny on 2 February 2016, and was subsequently published within the current Cabinet Report.
2. On 8 February 2016, the *Final* Local Government Finance Settlement for 2016/17 was announced, which contained a number of significant amendments from the provisional Settlement. The amendments which will affect Dacorum over the Settlement period (to 2019/20) are:
 - **Council Tax Referendum Threshold** has been increased, for the four-year period to 2019/20, from 2% or above to whichever is the higher of 2% or £5. A £5 increase for Dacorum in 2016/17 equates to a 2.78% increase for a Band D and would generate a further £78k in Council Tax income.

- **Transition Grant** has been introduced to provide one-off funding for councils in 2016/17 and 2017/18 to assist with the continuing trend of reduced funding from Central Government. Dacorum will receive a £126k payment in 2016/17 and a £126k payment in 2017/18.
- **Removal of the Tariff Adjustment ('negative RSG')** for 2017/18 and 2018/19. Dacorum is unaffected by the change to 2017/18, but will effectively receive an additional £400k in Government Funding in 2018/19 as a result of this change.

Budget Implications for 2016/17

3. Following discussions with Budget Review Group, it is recommended that the Council increase Council Tax by 2.78% in 2016/17, which remains below the referendum threshold limit of more than £5 for a Band D.
4. Increasing Council Tax by 2.78% together with the £126k Transition Grant provides the Council with £204k additional funding for 2016/17. In accordance with paragraph 18 of the Cabinet Report, it is recommended that this additional funding is contributed to the Management of Change Reserve in order to help finance the efficiency initiatives that will be required over the coming years in order for the Council to achieve its savings targets. This reserve movement is incorporated within the supplementary Appendix J, Statement of Earmarked Reserves.

Budget Implications beyond 2016/17

5. The amendments to the Finance Settlement have not changed the scale of grant reductions for the Council over the four years to 2019/20. However, the above changes have resulted in a slower pace of grant reductions and more 'end-loading' of the savings. This is shown within the supplementary Appendix A2, Draft General Fund Medium Term Financial Strategy. As in previous years, the fully revised Medium Term Financial Strategy will be reported to Members separately.
6. The Final Settlement confirmed that councils will be able to accept a four-year Settlement deal and will have until October 2016 to advise CLG of their intention. However, details of the process have not yet been revealed. Members will be updated as information becomes available.

SUPPLEMENTARY APPENDIX A1

DRAFT GENERAL FUND BUDGET SUMMARY 2016/17			
	Original 2015/16 (a)	Growth / (Savings) (b) - (a)	Draft 2016/17 (b)
	£000	£000	£000
Service Expenditure & Income			
Employees	21,450	1,058	22,508
Premises	3,075	(94)	2,981
Transport	1,497	29	1,526
Supplies & Services	7,236	(607)	6,629
Third-Parties	1,558	(10)	1,548
Transfer Payments	48,249	(627)	47,622
Capital Charges & Bad Debts	4,417	26	4,443
Income	(13,708)	(584)	(14,292)
Grants and Contributions	(52,061)	362	(51,699)
Recharge to HRA	(2,577)	(250)	(2,827)
Net Cost Of Services	19,136	(698)	18,438
Less:			
Interest Receipts	(199)	(43)	(242)
Interest Payments & MRP	703	262	965
Reversal of Capital Charges	(4,125)	0	(4,125)
Revenue Contributions to Capital	4,106	1,894	6,000
Net movement on Earmarked Reserves	(898)	(6,339)	(7,237)
Budget Requirement General Fund	18,724	(4,924)	13,800
Parish Precepts	641	49	690
Budget Requirement Including Parishes	19,365	(4,875)	14,490
Funded by:			
Revenue Support Grant	(2,070)	1,100	(970)
Transition Grant	0	(126)	(126)
Business Rates Retained	(2,533)	(20)	(2,553)
New Homes Bonus/Other Government Grants	(2,611)	(880)	(3,491)
Collection Fund (Surplus)/Deficit - Council Tax	(80)	31	(49)
Collection Fund (Surplus)/Deficit - Business Rates	(1,453)	5,059	3,606
Net Expenditure before Council Tax	10,618	289	10,908
Demand on the Collection Fund	(10,467)	(441)	(10,908)
Net Change in General Fund Balance	151	(151)	0
General Fund Balance B/Fwd	(2,654)		(2,503)
In year use	151		0
General Fund Balance C/Fwd	(2,503)		(2,503)

SUPPLEMENTARY APPENDIX A2

DRAFT GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY					
	Original 2015/16	Original 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
	£000	£000	£000	£000	£000
Service Expenditure & Income					
Employees	21,450	22,508	22,567	22,607	23,978
Premises	3,075	2,981	2,912	2,830	2,930
Transport	1,497	1,526	1,593	1,663	1,737
Supplies & Services	7,639	6,629	7,064	6,741	7,129
Third-Parties	1,558	1,548	1,574	1,606	1,638
Transfer Payments	48,249	47,622	47,622	47,622	47,622
Capital Charges & Bad Debts	4,417	4,443	4,448	4,455	4,461
Income	(65,769)	(65,991)	(65,949)	(66,123)	(66,434)
Recharge to HRA	(2,577)	(2,748)	(2,802)	(2,859)	(2,916)
Cummulative Savings	0	0	0	(1,518)	(1,667)
Net Cost Of Services	19,539	18,517	19,029	17,024	18,479
Less:					
Interest Receipts	(199)	(242)	(236)	(287)	(383)
Interest Payments & MRP	975	965	1,052	1,039	1,026
Reversal of Capital Charges	(4,125)	(4,125)	(4,125)	(4,125)	(4,125)
Revenue Contributions to Capital	4,156	5,796	1,189	1,189	1,189
Net movement on Earmarked Reserves	(1,623)	(7,033)	(821)	178	(834)
Budget Requirement General Fund	18,724	13,878	16,088	15,018	15,352
Parish Precepts	641	690	713	735	757
Budget Requirement Including Parishes	19,365	14,569	16,801	15,753	16,109
Funded by:					
Use of General Fund Balance	(151)	0	0	0	0
Revenue Support Grant	(2,070)	(970)	(110)	0	993
Transition Grant	0	0	(126)	(126)	0
Business Rates Retained	(2,533)	(2,553)	(2,606)	(2,658)	(2,767)
New Homes Bonus/Government Grants	(2,611)	(3,491)	(1,214)	(1,214)	(1,214)
Council Tax (Surplus)/Deficit	(80)	(49)	0	0	0
Business Rates (Surplus)/Deficit	(1,453)	3,606	0	0	0
Net Expenditure before Council Tax	10,467	11,112	12,745	11,755	13,121
Demand on the Collection Fund	(10,467)	(10,908)	(11,257)	(11,609)	(11,964)
General Fund Balance B/Fwd	(2,654)	(2,503)	(2,503)	(2,503)	(2,503)
In year use	151	0	0	0	0
General Fund Balance C/Fwd	(2,503)	(2,503)	(2,503)	(2,503)	(2,503)
Savings Requirement	0	0	1,488	146	1,157

STATEMENT OF EARMARKED RESERVES

General Fund Reserves Summary	Balance end 2014/15 £'000	Net Movement 2015/16 £'000	Balance end 2015/16 £'000	Net Movement 2016/17 £'000	Balance end 2016/17 £'000	Net Movement 2017/18 £'000	Balance end 2017/18 £'000	Net Movement 2018/19 £'000	Balance end 2018/19 £'000	Net Movement 2019/20 £'000	Balance end 2019/20 £'000
Civic Centre Major Repairs Reserve	0	200	200		200	(200)	0		0		0
Earmarked Grants Reserve	298	(69)	229	(10)	219	(199)	20	(10)	10	(10)	0
Management of Change Reserve	1,356	(611)	745	72	817	(400)	417		417		417
Technology Reserve	348	(195)	153	(153)	0		0		0		0
On Street Car Parking Reserve	181	(53)	128	(128)	0		0		0		0
Local Development Framework Reserve	666	(350)	316	(282)	34	(34)	0		0		0
Dacorum Development Reserve	2,046	(1,542)	504	(228)	276	(120)	156	(70)	86	(86)	0
Planning Enforcement & Appeals Reserve	125		125		125		125		125		125
Planning & Regeneration Project Reserve	178	(28)	150	(40)	110	(85)	25	(25)	0		0
Litigation Reserve	214		214		214	(214)	0		0		0
Vehicle Replacement Reserve	0	350	350	350	700	350	1,050	350	1,400	350	1,750
Invest to Save	0	414	414	(116)	298	(150)	148	(148)	0		0
Building Control Reserve	86		86	(86)	0		0		0		0
Longdean School Repairs Reserve	7		7	(7)	0		0		0		0
Tring Swimming Pool Repairs Reserve	83	8	91	(91)	0	8	8	8	16	8	24
Youth Club Reserve	101		101		101		101		101		101
Election Reserve	159	(159)	0	30	30	30	60	30	90	(90)	0
Uninsured Loss Reserve	586		586		586		586		586		586
Training & Development Reserve	114	(22)	92	(26)	66	(22)	44	(22)	22	(22)	0
Housing Conditions Survey Reserve	51	15	66	15	81	15	96	15	111	(111)	0
S106 Commuted Sums Reserve	609	(609)	0		0		0		0		0
Dacorum Partnership Reserve	66	(13)	53		53		53		53		53
Dacorum Rent Aid	15		15		15		15		15		15
Rent Guarantee Scheme	15		15		15		15		15		15
The Forum Reserve	2,050	(292)	1,758	(1,758)	0		0		0		0
Funding Equalisation Reserve	1,338	2,268	3,606	(3,606)	0		0		0		0
Pensions Reserve	1,773		1,773	(900)	873		873		873	(873)	0
Maylands Plus Reserve	69		69	(69)	0		0		0		0
Total Earmarked Reserves	12,534	(688)	11,846	(7,033)	4,813	(1,021)	3,792	128	3,920	(834)	3,086
Working Balance	2,654	(151)	2,503	0	2,503	0	2,503	0	2,503	0	2,503
Total General Fund Reserves	15,188	(839)	14,349	(7,033)	7,316	(1,021)	6,295	128	6,423	(834)	5,589