



AGENDA ITEM:

SUMMARY

Report for:	Joint Overview & Scrutiny Committee
Date of meeting:	7 February 2017
PART:	1
If Part II, reason:	

Title of report:	BUDGET PREPARATION 2017/18
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance & Operations)
Purpose of report:	To provide Members with an overview of the draft budget and provide the opportunity to scrutinise and provide feedback to Cabinet.
Recommendations	That Scrutiny Committees review and scrutinise the draft budget proposals for 2017/18 and provide feedback, to be considered by Cabinet, for each Committee's specific area of responsibility.
Corporate Objectives:	Setting a balanced budget to support the Council's corporate objectives.
Implications:	The financial and value for money implications are set out in the body of the report.
Risk Implications	The Council is required to set a balanced budget and scrutiny of the overall budget proposals will assist in the challenge process required.
Equalities Implications	Equality Impact Assessments are carried out in service areas when preparing individual budgets.
Health And Safety	None.

Implications	
Consultees:	Overview & Scrutiny Committees; Budget Review Group; Portfolio Holders; Corporate Management Team; Group Managers.
Background Papers:	Medium Term Financial Strategy 2016/17 – 2020/21
Historical background	An update to the financial information presented to Joint Overview and Scrutiny Committee 6 th December 2016.
Key Terms, Definitions & Acronyms	GF – General Fund HRA – Housing Revenue Account MTFS – Medium Term Financial Strategy OSC – Overview and Scrutiny Committee AFM – Alternative Financial Model

Introduction

1. The purpose of this report is to present for scrutiny and review the final draft budget proposals for 2017/18. The attached budget pack, subject to any further changes, is intended for use by Members throughout financial year 2016/17, and comprises the following:
 - Appendix A – General Fund Budget Summary 2017/18
 - Appendix B1 – Budget Change Analysis 2016/17 – 2017/18
 - Appendix B2 – Summary by Scrutiny Committee
 - Appendix C1 – Finance & Resources Budgets Summary 2017/18
 - Appendix C2 – Finance & Resources Budgets Detail 2017/18
 - Appendix C3 – Finance and Resources Fees and Charges 2017/18
 - Appendix D1 – Housing and Community Budgets Summary 2017/18
 - Appendix D2 – Housing and Community GF Budgets Detail 2017/18
 - Appendix D3 – Housing and Community Fees and Charges 2017/18
 - Appendix E1 – Strategic Planning & Environment Budgets Summary 2017/18
 - Appendix E2 – Strategic Planning & Environment Budgets Detail 2017/18
 - Appendix E3 – Strategic Planning & Environment Fees and Charges 2017/18
 - Appendix F – Housing Revenue Account Budget 2017/18
 - Appendix G – Summary of Major Movements HRA Budget 2016/17 -2017/18
 - Appendix H - Summary of New and Amended Capital Bids 2016/17-2021/22
 - Appendix I - Capital Programme 2016/17 - 2021/22, by OSC
 - Appendix J – Statement of Earmarked Reserves

Changes since December Joint OSC meeting

2. There have been some major changes to the draft budgets since the meeting of Joint OSC on 6 December 2016. A detailed breakdown of the General Fund changes is included in sections 7 - 18 of this covering report.
3. The changes set out in Table 1 highlight the changes arising from the Provisional Local Government Finance Settlement released on 15 December 2016, some minor additional pressures, and additional income arising from analysis that had not been concluded at the time of the Joint OSC in December.

Table 1

Position at Joint OSC, December 2016: Net use of General Fund Reserves		(15)
Changes following Finance Settlement		
Increase in New Homes Bonus grant	(1,885)	
Increase in revenue contribution to capital	1,885	
Amended Savings target after Settlement changes		15
Additional pressures since December OSC		
Pensions – additional contribution rate from 16% to 18.5%	412	
Leisure Review (funded from earmarked reserves)	200	
Cessation of Primary Authority work	30	
Apprenticeship Levy	14	
CPZs (funded from earmarked reserves)	26	
Increase in Bad Debt provision	32	
Reduction in recharge to HRA	35	
Apprentice post (funded from earmarked reserves)	20	
Total new pressure		769
Amended savings target after additional pressures		754
Additional income since December OSC		
Council Tax - increase in tax base and surplus approved by Cabinet in December 2016	(240)	
Additional funds for Insurance provision not required	(150)	
Multi Storey Car Park Adjustment to reflect timings	(90)	
Additional Net movement from earmarked reserves	(228)	
Benefits admin subsidy grant	(47)	
Total favourable adjustments		(755)
Revised net use of General Fund Reserves		(1)

5. None of the changes are highlighted within the separate budget pack because the intention is for the packs to be used throughout the year rather than specifically for this meeting. However, in order to assist Members with their scrutiny, the major changes are detailed below, by OSC.

6. A number of technical adjustments have been required since the December Joint OSC. These do not affect the bottom line position for the General Fund and are asterisked in the appendices.
- The adjustment required for insurance reflects the centralisation of the costs into Finance and then the reallocation through the recharge mechanism.
 - The adjustment required in benefits accounting reflects the reduction in benefits payments and reclaiming of the subsidy grant following the ongoing central government welfare reform programme.

Finance & Resources OSC

7. Government Funding (General Fund)

The Provisional Settlement has been received since the December meeting. The only change has resulted in an increase in New Homes Bonus grant (£1,885k).

8. Increase in Revenue Contribution to Capital

The increase in Revenue Contribution to Capital (£1,981k) reflects the Council's continuing strategy of using New Homes Bonus to finance the capital programme.

9. Pensions (General Fund)

This is the impact (£412k) of the employer's contribution increasing by 2.5% following the outcome of the triennial valuation. This will be shown against all employee costs in all scrutiny committee areas.

10. Apprenticeship Levy (General Fund)

Additional minor pressure (£14k) to account for adjustments required for statutory levy rechargeable to HRA.

11. Council Tax & Collection Fund (General Fund)

Increased income of £240k has arisen from a surplus (£82k) on the Collection Fund and an increase in the tax base (£158k) following calculations since the December meeting.

12. Insurance (General Fund)

Additional funds for insurance premiums now not required following conclusion of tendering exercise and the award of contract.

13. Multi Storey Car Park (General Fund)

Adjustment required to reflect revised likely construction period reduces income pressure in 2017/18 by £90k.

14. Interest (General Fund)

Adjustment required (£96k) to correct budget showing on wrong line in 2016/17.

15. Benefits Accounting

Reduction in benefits admin subsidy (£47k) not as high as previously anticipated.

Strategic Planning & Environment OSC

16. Cessation of Primary Authority function (General Fund)

Reduction in employee costs (£91k) and associated income (£121k) to reflect decision to cease primary authority function following review in Regulatory Services.

Housing & Community OSC

17. Review of Leisure Provision (General Fund)

Review of leisure provision within the Borough (£200k) to be funded from earmarked reserves.

18. Additional Electrical Testing (HRA Repairs & Maintenance)

To allow for electrical testing to be undertaken on a cyclical basis following the publication of new testing guidelines (£500k).