



Service Delivery Committee	Tuesday, 19 January 2016	Matter for Information and Decision
---------------------------------------	-------------------------------------	--

Title: **Committee Revised Financial Position 2015/16
and Draft Budget 2016/17**

Author: **Martin Hone - Interim Chief Financial Officer (Section 151 Officer)**

1. Introduction

This report concentrates on the revised General Fund revenue budget for 2015/16 and the draft General Fund revenue budget for 2016/17 for this Committee.

Full details of the overall revised General fund revenue budget for 2015/16, the draft General Fund revenue budget for 2016/17 and the draft Capital Programme for 2016/17 will be reported at the Policy, Finance and Development Committee on 2 February 2016.

2. Recommendations

That Members:

- 2.1.** Consider the Committee revised General Fund revenue budget position for 2015/16 (section 4.1 of report).
- 2.2.** Recommend to the Policy, Finance and Development Committee the Committee's draft General Fund revenue budget for 2016/17 (section 4.2 of report).

3. Information

In February 2015 the Council set the Council Tax and the budget for the General Fund for 2015/16. In March 2015, the Council's forward forecast to 2017/18 was set out in the Medium Term Financial Strategy (MTFS) which was approved by the Policy, Finance and Development Committee.

Further to this, the Policy, Finance and Development Committee approved the budget strategy for 2016/17 in October 2015. The strategy continued the approach adopted in previous years, where the base budget for the year in question is derived from the previous year's original budget less one-off growth items. The base budget was then further reduced by adjusting for items which had been consistently under spent in the previous three years. The MTFS highlighted the key issues that will impact on the 2016/17 budget:

- The current financial position of the Council including working balances and level of reserves
- The local government financial settlement
- The review and retention of the business rates pooling system
- The review and revision of the Local Council Tax Support Scheme
- The roll out of Universal Credit and other welfare reforms

- Any changes to New Homes Bonus funding
- The availability of capital resources and prudential indicators
- The Housing Revenue Account and the impact of reductions in rent levels over the next four years
- Service transformation

The provisional settlement information for 2016/17 that has been released shows that the Council has seen a further reduction in Government funding.

	2015/16	2016/17	Inc/(Dec)
	£'000	£'000	£'000
Revenue Support Grant	1,130	718	(412)
Non Domestic Rates	1,357	1,411	54
New Homes Bonus	318	446	128
	2,805	2,575	(230)

The reduction was greater than anticipated in the MTFS.

It is clear from the current national economic position and consequential impact on local government resourcing that the Council needs to continue to reassess its costs, service provision, sources of income (including levels of Council Tax), and opportunities to deliver efficiencies. As central funding continues to decline the Council will increasingly need to take advantage of opportunities to increase resources that are primarily dependent on business and residential growth in the borough. However, announcements in the Autumn Statement regarding changes to the New Homes Bonus Scheme and Business Rate retention may make this approach more challenging in future years. A report will be presented to Policy, Finance and Development Committee in March 2016 that updates the MTFS to reflect these changes.

4. Financial Position

- 4.1.** For the current year of 2015/16 the Committee revised General Fund financial position shows a projected outturn position of £3,826,710 which is an overspend against the original budget of £ 243,210 or 6.8%.

Set out below is a table detailing the main original to revised budget variances for 2015/16 together with notes explaining the principal changes.

(Continued overleaf)

Original to Revised Budget 2015/16 Major Variances		
Additional Costs		
GP Referral		3
Core Funding		2
Swimming Pool Contractor Costs		7
Green House Gas Project		2
Increase in charges from other departments		30
Other minor increases		10
		54
Reductions in Income		
Recycling Income	1	184
Reduction in Recycling Credits	2	83
Reduction in Pest Control Income		4
		271
Savings		
Grant to Senior Citizens		(5)
Neighbourhood Management Scheme		(2)
Refuse Sacks	3	(23)
Refuse and Recycling Hired Staff	3	(21)
Reduction in Transport Costs	4	(11)
Floral Displays		(6)
Grounds Maintenance Hired Staff		(13)
		(81)
Net Change on Committee		244

- (1) The income received for recyclable materials has continued to be eroded due to market forces in what continues to be a volatile market. At present officers cannot see the situation improving in the short to medium term and as a result 2016/17 income budgets have been reduced by a similar amount.
- (2) Leicestershire County Council has ceased giving recycling credits for garden waste in 2015/16 resulting in a considerable drop in income. This will continue in 2016/17 however members should note the County Council are planning further reductions in 2017/18.
- (3) The food waste collection scheme terminated September 2015. This has resulted in savings in both manpower and materials.
- (4) The Council has benefited from the continuing low fuel prices during the year.

Background Papers:

Report to Council on 19 February 2015 – Budget Proposals 2015/16

Email: chris.raymakers@oadby-wigston.gov.uk

Tel: (0116) 257 2891

Implications	
Financial	Incorporated within the body of the report.
Legal	No significant implications.
Risk	CR1 - Decreasing Financial Resources CR9 - Economy.
Equalities	No significant implications.