



**Service Delivery
Committee**

**Tuesday, 17 January
2017**

**Matter for Information
and Decision**

Title:

**Committee Revised Financial Position 2016/17
and Draft Budget 2017/18**

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1. Introduction

- 1.1 This report concentrates on the revised General Fund revenue budget for 2016/17 and the draft General Fund revenue budget for 2017/18 for this Committee.

Full details of the overall revised General fund revenue budget for 2016/17, the draft General Fund revenue budget for 2017/18 and the draft Capital Programme for 2017/18 will be reported at the Policy, Finance and Development Committee on 31 January 2017.

2. Recommendations

- 2.1 Consider the Committee revised General Fund revenue budget position for 2016/17 (section 4.1 of report).
- 2.2 Recommend to the Policy, Finance and Development Committee the Committee's draft General Fund Revenue budget for 2017/18 (section 4.2 of report).

3. Information

- 3.1 In February 2016 the Council set the Council Tax and the budget for the General Fund for 2016/17. In April 2016, 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
- 3.2 Further to this, the Policy, Finance and Development Committee approved the budget strategy for 2017/18 in September 2016. 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 2017/18 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

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

	2016/17	2017/18	inc/(dec)
	£'000	£'000	£'000
SFA	2,129	1,801	(328)
New Homes Bonus	446	404	(42)
	<u>2,575</u>	<u>2,205</u>	<u>(370)</u>

- 3.4 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, recent announcements from Central Government regarding changes to the New Homes Bonus Scheme may make this approach more challenging in future years. A report will be presented to Council in February 2017 that updates the MTFS to reflect these changes.

4 Financial Position

4.1 Revised Budget 2016/17

For the current year of 2016/17 the Committee revised General Fund financial position shows a projected outturn position of £3,407,200 which gives a contribution to efficiency savings against the original budget of £185,900 or 5.2%.

Set out below is a table detailing how this saving has been achieved.

Original to Revised Budget 2016/17 Major Variances	Note	£'000	£'000
Additional Costs			
Transport Costs	1		20
Grants to Voluntary Organisations	2		32
Leisure Centre Consultancy Fees			5
			<u>57</u>
Reductions in Income			
Car Parking Income	3		21
Increases in Income			
Recycling Sales	4	(84)	
Brocks Hill Income		(7)	
			<u>(91)</u>
Savings			
Staffing		(125)	
Leisure Centre Management Fees		(29)	
Other Faith Burials		(5)	
Other Savings		(14)	
			<u>(173)</u>
Net Decrease in Budget for 2016/17			<u>(186)</u>

- 1) Transport costs have gone up this year due in part to the rise in petrol fuel prices

- and an increase in cost of running the workshop.
- 2) The savings targets built into the 2016/17 budget have not been attainable subsequent to the renewal of contracts with the Citizens Advice Bureau and Helping Hands.
 - 3) Car Parking Income has again declined along with the number of penalties for ticket avoidance and poor parking.
 - 4) This financial year has seen an upturn again in the market for recyclates and as a result income has performed very well against budget.

4.2 Budget for 2017/18

The draft committee budget for 2017/18 shows net expenditure for the year of £2,986,020 which is a net decrease against 2016/17 of £607,030.

The table below illustrates the main movements between the budgets for 2016/17 and 2017/18.

	Note	£'000	£'000
Additional Costs			
Grants to Voluntary Organisations			26
Homelessness Schemes	1		16
Increase in Central Costs			17
Other costs			32
			91
Reductions in Income			
Car Parking Income		21	
Pest Control Income		3	
			24
Increases in Income			
Recycling Sales		(84)	
Brocks Hill Income		(7)	
			(91)
Savings			
Staffing	2	(241)	
Transport	3	(54)	
Leisure Centre Management Fees	4	(328)	
Other Faith Burials		(8)	
			(631)
Net Increase in budget from 2016/17			(607)

- 1) This year see the introduction of new schemes to reduce homelessness.
- 2) Throughout 2016/17 staffing has been reviewed and efficiency savings sought. These savings are fully felt in 2017/18
- 3) Transport costs will reduce this year as new vehicles are purchased from capital rather than lease.
- 4) 2017/18 sees the first year that the management fee is reduced as repayments are made on the financing of the leisure complexes.

Background Documents:-

Working papers for the Budget Setting Process 2017/18

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Implications	
Financial (CR)	Contained in the report
Legal (AC)	No Significant Implications
Risk (CR)	CR9: Economy CR1: Decreasing Financial Resources
Equalities (CR)	No significant implications
	Equality Assessment:-
	<input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable