

Cabinet & Policy Development Groups

8 January 2015

Budget 2015/16 - Update

Portfolio Holder Cllr Peter Hare-Scott
Responsible Officer Head of Finance

Reason for Report: To consider options available in order for the Council to move towards a balanced budget for 2015/16.

RECOMMENDATION: To consider and agree the updated budget proposals for 2015/16 included in Appendix 1.

Relationship to Corporate Plan: To deliver our Corporate Plan's priorities within existing financial resources.

Financial Implications: Now the Council has received notification of its Formula Grant Settlement it is imperative that it matches current and ongoing expenditure plans to estimated sources of income/funding.

Legal Implications: It is a statutory requirement for the Local Authority to set a balanced budget.

Risk Assessment: Service Managers and Finance staff have assessed volatility in income and large contractor budgets, taking account of current and estimated future demand patterns. This position has been revised based on an additional 2 months of financial monitoring information. In addition prudent levels of reserves will also continue to be maintained.

1.0 Introduction

1.1 On the 18 December 2014 the Council received formal confirmation of its Formula Grant Settlement (but no provisional notification for 2016/17 – which clearly doesn't assist any future financial planning) and details relating to a Council Tax Freeze Grant and the Referendum Limit.

2.0 2015/16 general Fund Budget - Revised Position

2.1 Since the first round of PDGs and Cabinet meetings the Finance team and service managers have been revisiting a range of budgets to strive to deliver more savings or increased income levels.

2.2 This process (excluding the Formula Grant Settlement) has improved the General Fund budget by circa £468k (see Appendix 1) and now only leaves a budget gap of £99k. This reflects a lot of hard work and constructive negotiation over the past 2 months.

3.0 Conclusion

3.1 The Council still has approximately 1 month until the Cabinet will meet on the 5 February 2015 to formally recommend the overall budget and level of Council Tax for 2015/16 and officers will continue to work towards delivering a balanced budget position.

3.2 As the Head of Finance has discussed on a number of occasions over the past few years, the Council's financial future is only going to become increasingly challenging, not helped by receiving no indicative grant figures for 2016/17 and it therefore remains apparent that difficult decisions will have to be made in the future where we attempt to balance the needs of our residents with the available funding at our disposal. This will be a very challenge for our new Council in May 2015 – but at least the Council is in a strong/healthy financial position at the current stage and has demonstrated a solid track record of delivering significant savings over the last 4-5 years and still delivers a wide range of high performing services.

Contact for more information: Andrew Jarrett – Head of Finance
Background Papers: Draft 2015/16 Budget Papers
Grant Settlement Email 18/12/14

File Reference:

Circulation of the Report: Management Team, Members & Relevant Service Managers

15/16 Budget Changes (since PDG's)

Cost Centre	Description	£
Budget gap estimated at November/December PDGs and Cabinet		650,178
Housing Benefit	HB Admin Grant - Circa £10k reduction - awaiting confirmation	10,000 Revised figure from DWP
Corporate Fees/Charges	Sector fees overbudgeted in first draft	-9,050
Collection Fund	Projected C/Fund surplus (at 05/12/14) lower than budgeted	6,670
Community Development - Grants	Reduction in group 1 and 2 grants as agreed	-6,475
Community Development - Grants	Reduction in seed fund to offset savings not achieve on grants	-13,825
Car parks	Updated with current income levels	-10,000
RCCO reduce - as NHB funding capital shortfall		-125,000
Waste/recycling - new scheme savings	Agreed to set a global figure of £200k	-200,000 1/2 year savings + set up costs
Revised Formula Grant		-83,000
Rev'd leisure income/costs		-25,000
E/Health Riams Webbase Software	Web base software for Health	2,000
Feed in tariff (Leisure sites)		-30,000
Dev Control Fees	Note - JC recommended £40k further increase	-70,000
Pollution Licenses Income	Budget set too high in 14/15	2,500 £13.5 - Reduced to £11k
Total changes to be agreed		-551,180
New budget gap after the above changes/revisions		98,998

Notes

Formula grant agreed on 18/12/14 - confirming a grant cut of £574k - which was £83k better than the provisional sum announced 12 months earlier
 Council tax freeze grant offered for 2015/16 @ 1% - so circa = £50k. Note - if Ctax freeze grant accepted budget gap increases by £25k
 Referendum limit agreed at 2% for 2015/16
 Nothing included at the moment for: shared ICT work, Mkt Walk or Fore St properties