

REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2016/17

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance IT and Customer

Ward(s) affected: All

Purpose of the Report

To enable Cabinet to recommend the 2016/17 General Fund Revenue Budget and the 2016/17 Capital Programme to Full Council, meeting on 24 February 2016, following consideration of comments received from the Finance, Resources and Partnerships Scrutiny Committee of 28 January 2016 and following a review of the Council's balances and reserves.

Recommendations

- a) That the 2016/17 General Fund Revenue Budget as detailed in the report to Cabinet dated 20 January 2016 be recommended to Full Council for approval.
- b) That the Capital Programme 2016/17 as detailed in the report to Cabinet dated 20 January 2016 be recommended to Full Council for approval.
- c) That an additional contribution of £50,000 be made to the Renewals and Repairs Fund and a contribution of £69,560 be made to the Insurance Provision, to be funded from the estimated Council Tax Surplus of £119,560 which will be transferred to the revenue account in 2016/17.

Reasons

To enable the Cabinet to recommend a robust and affordable budget for 2016/17 to the Council meeting on 24 February 2016.

1. **Background**

1.1 The 2016/17 Revenue Budget and the Capital Programme 2016/17 were considered by Cabinet on 20 January 2016, following which these were submitted to the Finance, Resources and Partnerships Scrutiny Committee, on 28 January, for consideration.

1.2 A Summary of the overall Revenue Budget is as follows:

	Estimated Expenditure	Rate of Council Tax (Band D)
	£	£ p
Borough Council requirements –		
Total Net Expenditure	11,586,710	321.16
Less: External Support	<u>(5,233,130)</u>	<u>(145.05)</u>
	6,353,580	176.11
Less:		

Collection Fund (Surplus)/Deficit 2015/16		
- Council Tax	(119,560)	(3.31)
- Business Rates	276,260	7.65
Borough Council Tax Requirement	<u>£6,510,280</u>	<u>£180.45</u>

1.3 The Borough's Band D council tax levy of £180.45 is an increase of £3.52 from the 2015/16 amount. This is an increase of 1.99 per cent, just below the threshold at which a referendum would be required in accordance with the excessive council tax legislation. This was the Cabinet's proposal that was resolved at its meeting on 20 January 2016.

1.4 The majority of properties in the Borough are either Band A or Band B. The 1.99 per cent increase for these properties equates to around £2.50 a year or 5p a week.

2. Finance, Resources and Partnerships Scrutiny Committee

2.1 At its meeting on 20 January 2016 Cabinet approved the Revenue and Capital Budgets for 2016/17, recommending an increase in Council Tax of 1.99 per cent. The report and the recommendations were referred to the Finance, Resources and Partnerships Scrutiny Committee for comments.

2.2 The Scrutiny Committee met on 28 January 2016. The only comments that the committee wanted to raise with the Cabinet were a request to look again at the new waste and recycling service in respect of how the new vehicles are to be financed, and also whether there are any external grants available for the setting up of the new service.

3 Final Finance Settlement Notification

3.1 At the time of compiling this report the government have not yet notified the Council of the final amount of its grant funding for 2016/17. However, there is unlikely to be a significant change from the amounts notified as the provisional settlement figure. If the amounts do change, the tables in paragraphs 1.2 and 1.3 will require amending to reflect the changes. A verbal update will be given at the Cabinet meeting.

4 Balances and Reserves

4.1 The Council's Balances and Reserves Strategy for 2015/16 is that there should be a minimum General Fund balance of £1.2m and a minimum balance on the Contingency Reserve of £100,000. The Council currently holds these reserves.

4.2 A review of all the Council's Balances and Reserves together with a risk assessment has been carried out for inclusion in the final report on the budget to Full Council on 24 February.

4.3 The review and risk assessment indicate the following:

- Overall, reserves are still adequate to meet normal levels of expenditure although the Renewals and Repairs Fund will require topping up.
- The level of minimum balances required after considering the risk assessment remains at £1.3m.

4.4 The previous Cabinet meeting on 20 January approved the award of a new contract in respect of the council's insurance policies. The cost of the contract is £201,000 less than the current budget provision. The cost reduction has been partly achieved through more

favourable market conditions and partly because a higher claims excess figure has been accepted. Acceptance of a higher excess does mean that if there are claims, the Council will have to meet more of the cost of the claim. In recognition of this Cabinet agreed that the full saving would not be taken as a budget reduction, only £150,000 being applied to reduce the budget gap. The remaining £51,000 is to be paid into the Insurance Provision to meet possible additional claims costs.

- 4.5 As is usual and required by council tax legislation, an estimate has been made of the current year outturn position in relation to the Council Tax Collection Fund. It is estimated that there will be a surplus of some £993,880 for 2015/16. The legislation requires an estimated surplus on the Collection Fund to be transferred to the major precepting authorities in the following year and included in their revenue budgets for that year, in proportion to their respective council tax levies. This council's share of the estimated surplus is £119,560. Presently, the Medium Term Financial Strategy does not include an amount in respect of a Collection Fund transfer in 2016/17. The transfer of £119,560 will, therefore, be additional income to the revenue account.
- 4.6 It is recommended that the Collection Fund Surplus be used as follows:
- to top up the Renewals and Repairs Fund by £50,000;
 - the balance of £69,560 to be paid into the Insurance Provision as further provision to meet the cost of claims excesses;

5. Earlier Cabinet Resolutions

Medium Term Financial Strategy 2016/17 to 2019/20 (Cabinet 11 November 2015);
Budget Report (Cabinet 20 January 2016)