

REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2017/18

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance IT and Customer

Ward(s) affected: All

Purpose of the Report

To enable the Cabinet to recommend the 2017/18 General Fund Revenue Budget and the 2017/18 Capital Programme to Full Council, meeting on 22 February 2017, following consideration of comments received from the Finance, Resources and Partnerships Scrutiny Committee of 25 January 2017 and following a review of the Council's balances and reserves.

Recommendations

- a) That the 2017/18 General Fund Revenue Budget as detailed in the report to Cabinet dated 18 January 2017 be recommended to Full Council for approval.
- b) That the Capital Programme 2017/18 as detailed in the report to Cabinet dated 18 January 2017 be recommended to Full Council for approval.
- c) That the estimated council tax and business rates collection fund surpluses, totalling £63,320, to be transferred to the revenue account in 2017/18 be utilised to top up the Insurance Provision, Bad Debts Provision and Municipal Mutual Provision as required, following a review of the adequacy of those provisions at the end of the financial year 2017/18.

Reasons

To enable the Cabinet to recommend a robust and affordable budget for 2017/18 to the Council meeting on 22 February 2017.

1. **Background**

- 1.1 The 2017/18 Revenue Budget and the Capital Programme 2017/18 were considered by Cabinet on 18 January 2017, following which these were submitted to the Finance, Resources and Partnerships Scrutiny Committee, on 25 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	11,886,990	325.31
Less: External Support	<u>(5,110,650)</u>	<u>(139.86)</u>
	6,776,340	185.45

- 1.3 The Borough's Band D council tax levy of £185.45 is an increase of £5.00 from the 2016/17 amount (an increase of 2.77 per cent), which is the maximum increase permitted without triggering the requirement for a referendum in accordance with the excessive council tax legislation. This was the Cabinet's proposal that was resolved at its meeting on 18 January 2017.

2. Finance, Resources and Partnerships Scrutiny Committee

- 2.1 At its meeting on 18 January 2017 Cabinet approved the Revenue and Capital Budgets for 2017/18, recommending an increase in Band D Council Tax of £5.00. The report and the recommendations were referred to the Finance, Resources and Partnerships Scrutiny Committee for comments.
- 2.2 The Scrutiny Committee met on 25 January 2017. The comments that members of the committee wished to draw to the attention of the cabinet are attached as an Appendix. The Chair of the Committee will be in attendance at the cabinet meeting to feedback the committee's comments.

3 Final Finance Settlement Notification

- 3.1 The government has offered councils a four year funding settlement, which, in addition to the allocation for 2016/17, will provide them with provisional allocations for the following three years, 2017/18 to 2019/20. The Council has accepted the government's offer by the submission of an Efficiency Plan and has received confirmation that it will receive the allocations as provisionally notified in December 2016.

4 Balances and Reserves

- 4.1 The Council's Balances and Reserves Strategy for 2016/17 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 22 February.
- 4.3 The review and risk assessment indicate the following:
- Overall, reserves are still adequate to meet normal levels of expenditure.
 - The level of minimum balances required after considering the risk assessment remains at £1.3m.
- 4.4 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 and Business Rates Collection Funds. It is estimated that there will be a combined surplus of some £413,490 for 2016/17. 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 or business rates shares. This council's share of the estimated surplus is £63,320. Presently, the Medium Term Financial Strategy does not include an amount in respect of a Collection Fund transfer in 2017/18. The transfer of £63,320 will, therefore, be additional income to the revenue account.

- 4.5 At the end of each financial year a review of the amounts set aside in provisions to meet likely expenses is required to ensure that the amounts contained in the provisions are sufficient to meet known and assessed liabilities. The main provisions concerned are the Insurance Provision, Bad Debts Provision and the Municipal Mutual Insurance (MMI) Provision (set up to meet the cost of levies charged to authorities by MMI's administrator following that company, which at one time insured many of the Council's risks, going into administration on account of having insufficient funds to meet outstanding claims liabilities). It is recommended that the Collection Fund Surplus of £63,320 be used to top up whichever of these provisions require it, following the year-end review.

5. Earlier Cabinet Resolutions

Medium Term Financial Strategy 2017/18 to 2021/22 (Cabinet 14 September 2017);
Budget Report (Cabinet 18 January 2017)