

Chichester District Council

CABINET

9 February 2016

Budget Spending Plans 2016-17

1. Contacts

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2. Executive Summary

Full Council approved the 5 Year Financial Strategy in December. The key financial principles in the Financial Strategy offer guidelines for making financial decisions over the next few years, and will assist the Council in achieving balanced budgets over the medium term.

The provisional financial settlement has since been announced and has proven to be much more challenging than anticipated. This represents a reduction in our Revenue Support Grant (RSG) of £0.769m in the forthcoming year. Despite this, a fully balanced budget is being presented for 2016-17 without the requirement to use reserves. The draft revenue budget incorporates the efficiencies achieved over recent years including the current deficit reduction programme, and the decision by Council on 26 January to outsource Leisure Management.

The government has announced that, as a low taxing authority, Chichester can raise its council tax by £5 or 2% whichever is greater. £5 equates to 3.55% and would generate an additional £256,000 per year. No council tax freeze grant is being offered for 2016-17. Any proposal to increase council tax by more than £5 would require a referendum.

Since the settlement is still provisional there is a possibility that the final settlement may vary slightly. The draft budget has therefore been prepared using some assumptions that may require updating before full Council sets the budget and Council Tax in March. The report concentrates on the Budget Spending Plans which are a robust financial estimate of the resources required to deliver Council services, and the Provisional Local Government Finance Settlement.

3. Recommendations:

3.1. Cabinet recommends to Council:

- (a) That a net budget requirement of £15,043,900 for 2016-17 be approved.**
- (b) That Council tax is increased by £5 from £140.81 to £145.81 for a band D equivalent in 2016-17.**
- (c) That the Investment Opportunities Reserve is increased by £1,015,400.**
- (d) That, should the final settlement differ from the provisional settlement, any increase or decrease be dealt with by adjusting the transfer to the Investment Opportunities Reserve above.**

3.2. Cabinet further considers:

- (a) The capital programme, including the asset renewal programme and the Infrastructure Business Plan.**
- (b) The current resources position.**
- (c) The position regarding the asset review (paragraph 10.2) and the requirement to keep this funding under review.**
- (d) The budget variances as set out in this report (para 8.5 and 8.6) including growth items.**

4. Background

- 4.1. The report considers the position on the annual revenue budget within the context of the Financial Strategy which guides the management of the Council's finances during a period of reducing, government financial support.
- 4.2. The draft budget preparation process is all-inclusive with the budget managers working with the accountants under the leadership of the Corporate Management Team (CMT). The result is a robust process of ensuring financial resources match service delivery priorities.
- 4.3. The Council's Overview and Scrutiny and Corporate Governance and Audit Committees also nominated members to review the process and progress on the draft budget.

5. Outcomes to be achieved

- 5.1. The draft spending plans are formulated in accordance with the financial principles of the Financial Strategy as adopted by Council in December. This results in a robust financial estimate of the resources needed to deliver Council Services in 2016-17.

- 5.2. To seek Cabinet approval on the draft spending plans, and to make appropriate recommendations to Council to determine the Council Tax at its meeting in March.

6. The Provisional Settlement

- 6.1. 2016-17 represents the sixth consecutive year of funding cuts. Last year we reported via the Financial Strategy report that all indications were for further, significant reductions in Revenue Support Grant (RSG), offset to some extent by growth in retained Business Rates (National Non Domestic Rates or NNDR). These predictions were fed into the Council's 5 year financial plan which was reported to members in December. This indicated the gradual withdrawal of RSG over the remaining 4 years of this parliament. The draft settlement, however, indicates that RSG will be cut much more quickly, and for Chichester, this source of government funding will go altogether over the next 2 years. Beyond that further reductions in RSG are not possible, but further funding reductions will still be made by reducing the share of Business Rates that we are able to keep by altering the NNDR tariff, in effect creating a negative RSG. This was not foreseen by officers and therefore represents a significantly deteriorated position over the longer term than that presented to Cabinet in December.

RSG / NNDR tariff adjustment (£'000)	2015-16	2016-17	2017-18	2018-19	2019-20
5 Year Financial Plan	£1,598	£1,049	£594	£380	£176
Draft Settlement	£1,598	£829	£190	-£194	-£622
Variance from 5 year model	-	-£220	-£404	-£574	-£798
In year cash reduction Vs 2015-16	-	-£769	-£1,408	-£1,792	-£2,220

The table above demonstrates that the 2016-17 draft settlement represents a reduction in RSG of £769,000 in comparison to the 2015-16 settlement, and is £220,000 worse than officers had anticipated in the 5 year financial strategy. By 2019-20 (including the NNDR adjustment) funding will have reduced by £2.2m, in effect negative RSG, and this is £798,000 worse than anticipated in the 5 year financial strategy, as the adjustment to NNDR had not been foreseen. Members should note that the government's indicative figures only go as far as year 4 of our 5 year plan. The position for year 5 is not known, but will probably contain further reductions.

- 6.2. The localisation of business rates from April 2013 means that our settlement is more volatile than previously. The settlement from the government assumes a level of rates to be collected locally. The actual

resources retained under the settlement, however, is dependent on how much business rates are collected.

- 6.3. Officers' current predictions for the collection of NNDR, indicate that the amount to be retained under this mechanism in 2016-17 is likely to be £3.017m. This includes Section 31 grants which the government pay to authorities as compensation for national policy changes that have reduced the amount of NNDR paid by some businesses, and also a levy payable to the government for its share of business rates growth. In the initial years of NNDR localisation the Council adopted a cautious approach of budgeting for the government's settlement figure only. However, last year in setting the 2015-16 budget we included our own estimated share of NNDR of £2.582m rather than the government's estimate of £2.044m. The latest revised estimate for 2015-16 indicates the amount retained will be £2.883m. It is, therefore, the view of the Council's Head of Finance and Governance that we should continue to budget for our own anticipated receipt based on local knowledge and experience since this has proven to be a better estimate.
- 6.4. Localisation of Council Tax Support (CTS) also brings volatility to the Council's funding. Not only must a 10% cut in funding continue to be managed, but any change in claimant caseload will also impact on the council (and other major preceptor) budgets without additional support from the government. The Council has already taken the decision not to pass on this funding cut to some of the most vulnerable in our society, but to instead protect Council Tax benefit claimants. Additionally the Council has again agreed to protect the Parish Councils in 2016-17 by passing on part of our settlement. The "Parish grant" in 2013-14 which had been separately identified, has been subsumed into our overall settlement. The Council has committed to a fundamental review of CTS in 2016 ahead of setting the 2017-18 budget, and given the fact that RSG (and the council tax support funding for parishes that is subsumed within it) will go altogether over the next two years, consideration will need to be given as to whether the support for Parishes in the current form can continue after 2016-17.
- 6.5. The draft settlement for 2016-17 is £2.89m (£0.83m RSG and £2.06m NNDR). However, substituting our anticipated NNDR receipts and Section 31 grants, produces a "budget settlement" of £3.843m. It is this latter figure that has been built into the draft budget before the Cabinet.
- 6.6. Chichester District Council has opted to form an NNDR pool for 2015-16 along with West Sussex County Council and the other coastal West Sussex District and Borough Councils. The first principle of this pool is to redistribute to those constituent members their share of the NNDR that they would have retained had a pool not existed. This does not therefore impact on the budget presented to members. The pool arrangement will remain for 2016-17 as previously agreed in the Financial Strategy.
- 6.7. The draft settlement is still technically a consultation document, and while experience indicates that it is unlikely to change significantly, that remains

a possibility. The final settlement is usually announced late January or early February so hopefully members can be made aware at the meeting of the final position.

- 6.8. The Government have confirmed that they will continue with the requirement for any “excessive” Council Tax increases to be determined by local referendum. Excessive is generally deemed to be 2% or more. However the government have relaxed that rule for the lowest quartile council tax authorities, which includes Chichester. For Chichester District Council we are permitted to increase our Council Tax by £5 before triggering a referendum. This equates to a 3.55% increase, or less than 10 pence per week.
- 6.9. The government have not offered a Council Tax Freeze Grant for 2016-17. A £5 increase in council tax would generate an additional £256,000 per year. It is not known whether this additional tax raising power would be available in subsequent years, or whether the 2% limit, or some other limit would apply.
- 6.10. The Government have indicated that a four years settlement would be available for those authorities that wished to take this up, subject to them publishing an efficiency plan. No detail is currently available regarding the requirements of this, and it is hoped that this may be made clear when the final settlement for 2016-17 is published.
- 6.11. The government have launched a review of the New Homes Bonus scheme. The purpose of the review is to reduce the total expenditure by two thirds and to “sharpen the incentive” for development. The proposals include:
 - (a) Reducing the grant from 6 years to 4.
 - (b) Withholding payments where a local plan has not been submitted
 - (c) Withholding payments for development that is permitted following an appeal
 - (d) Only rewarding development that exceeds a set base line.
- 6.12. Any changes in the NHB scheme will not impact on the 2016-17 financial year, and the government have confirmed the 2016-17 NHB allocations alongside the draft settlement. For Chichester our allocation is £3.666m, slightly more than the £3.4m estimated in the Financial Strategy Report in December.

7. Balancing the Revenue Budget

- 7.1. Not only does the Council have a statutory duty to prepare a balanced annual revenue budget, it is good financial management to do so within

the context of the 5 year Financial Strategy taking into account the impact of the capital programme on the revenue budget.

- 7.2. The key variables, in achieving a balanced financial position for 2016-17 are: reducing and more volatile government funding, levels of income from fees and charges, levels of Council Tax, and use of Council reserves. The 2016-17 provisional budget of £11.378m (excluding NHB) represents a 0.2% decrease on the 2015-16 base. This decrease in the base budget amounts to £0.019m.

New Homes Bonus (NHB):

- 7.3. The approved Financial Strategy follows the ethos of using this new non ring-fenced grant to assist communities where housing growth has taken place *“New Homes Bonus (NHB) should be reserved to reward communities that have accepted growth, whilst also considering the fact that this is not new funding, and to some extent may have to be used to protect services. This should be allocated annually, and only committed once received.”* The accounting treatment required for this grant is to include it alongside revenue grant in our budget, and move it to a revenue reserve from where it can be used to fund new projects. This accounting treatment has the effect of inflating both our base budget & government funding by the value of the NHB receipt. The Financial Strategy highlighted that this source of funding may be at risk following the Parliamentary elections in May last year. Although a consultation on proposed changes has been launched these will not impact the 2016-17 receipt which has already been announced as £3.666m.

Council Tax:

- 7.4. The Financial Strategy objective is to set a realistic increase in council tax over the medium term, accepting that such an objective is linked to the continued withdrawal of annual Government grant. Cabinet reserved its position in December pending the draft settlement.
- 7.5. The government have confirmed that the threshold for Council Tax increase for Chichester, before triggering a referendum, as £5 or 3.55%, and have also confirmed that a tax freeze grant will not be available for 2016-17. The government have also announced that upper tier authorities (WSCC) can increase council tax by 2% generally and a further 2% provided it is ring-fenced for social care.
- 7.6. Whilst the draft budget shows a surplus of £1.015m for 2016-17 which will be added to the investment opportunities reserve, the quicker and deeper cuts to RSG and the further adjustments to retained NNDR means that we will by 2019-20 (year 4 of the current financial plan) be £0.8m worse off than had been expected when the financial strategy was reported in December. Even with the decision to outsource management of the Leisure centres which has created significant savings, we will still face a deficit at that stage if the council tax is not increased. It is therefore recommended that we increase the band D council tax by £5, thereby

generating an extra £256,000 per year to place us in the best possible position in the future to meet the challenge ahead in maintaining a balanced budget.

- 7.7. Cabinet and the Senior Leadership Team of the council will continue to work on identifying further cashable efficiencies that will assist us in balancing future budgets and help us minimise future council tax increases.

Income from Fees, Charges and Rents:

- 7.8. The Council currently receives some £19m of income each year from fees and charges for services e.g. car parking, trade waste, estates' rents, planning and building control fees and leisure income. Some income streams have seen a recovery during recent years. However, this area remains at risk due to the general economic situation, and some services have, in the past, struggled to pass on inflationary increases. This issue was also highlighted in the Financial Strategy, and a prudent estimate of these changes in demand has been built into the 2016-17 budget.

Use of Reserves:

- 7.9. The Financial Strategy seeks to avoid the use of reserves to support the Revenue Budget on a recurring basis. The current financial strategy and resource statement allocates a £1.3m reserve to support the revenue budget over the short term. However, no use of reserves is required to balance the revenue budget for 2016-17. The significantly worse than expected settlement means that although the 2016-17 budget has been balanced without the need to use reserves, there is a very real risk that unless action is taken to both reduce costs and increase income over the medium term the Council will struggle to balance its budgets without the use of reserves.
- 7.10. The efficiencies made during the year, and progress with the deficit reduction programme, have placed the Council in the enviable position of once again being able to balance the forthcoming financial year's budget despite a significantly worse settlement than expected. This is another major step towards the objective of securing the Council's financial stability over the medium term. It is recommended that change in the final settlement should be dealt with by adjusting the amount transferred to the Investment Opportunities Reserve.

Spending:

- 7.11. The draft budget requirement for 2016-17 totals £15.044m (£11.378m excluding the NHB) which is based on revised service levels following the detailed budget process, approved commitments, and the decision to outsource leisure management.

- 7.12. The draft budget requirement is calculated after deducting income from fees and charges. It has to be financed from Council Tax, Retained Business Rates, Revenue Support Grant and other Government Grants.

8. Council Spending – Budget for 2016-17

- 8.1. The revenue estimates for 2016-17 are shown in the summarised Comprehensive Income and Expenditure statement in Appendix 1. This summary provides the net cost of each Cabinet portfolio and also for the main services within each portfolio area.
- 8.2. A draft of the Annual Budget Book is available on the Council Website. The budget book pages also contain a summary for each of the Cabinet portfolios and also for the main services within each portfolio area. All the summaries include a subjective analysis identifying the gross expenditure and gross income for each service area, together with a funding analysis. The budget book can be accessed by using the link below:

<http://www.chichester.gov.uk/annualbudget>

- 8.3. The 2016-17 budget has the Corporate Plan as a central focus. The fact that the budget has again been balanced without use of reserves, or use of the New Homes Bonus, is a credit to the members, staff and management team in, what has proved again to be, a challenging budget round, and a particularly challenging settlement.
- 8.4. The detailed budget preparation allows for some variations between budget centres which, when aggregated for the whole of the General Fund, have a neutral effect. These adjustments include:
- Approved virements between or within service budgets. The detailed estimates include some minor virements, requested by Executive Directors, which have no significant impact on the overall level of service provision.
 - Movement in recharges from central services, represented by a reallocation of officer time in response to the changing priorities of the Council.
 - Notional capital charges for the use of assets included in individual budgets, for proper accounting standards purposes. For council tax setting purposes, these charges are neutralised as an adjustment between reserves. The purchase of new assets such as IT equipment, has had a significant impact on individual service budgets but not on the overall General Fund.
- 8.5. The Council's estimated budget requirement for 2016-17, as shown in Appendix 1, is £15.044m (£11.378m excluding NHB). This represents a spending increase of 7.1% (or a 0.2% decrease when excluding the NHB) over the base budget for 2015-16. The movement can be analysed as follows:

<u>Major Variations</u>	£000
Base Budget 2015-16	14,049
<u>Budget increases (+10.4%)</u>	
Allowances for recruitment and retention of staff	304
National Insurance	265
New Posts recommended by the Commercial Programme Board	194
Pay Settlement	171
Inflation on Prices	171
Pension Contributions	120
Reduction in Housing Benefit Administration Grant	65
Insurance premiums and bank charges	59
Development Management Service resourcing	45
Removal of Pest Control Service	30
South Downs National Park income	30
Members allowances	10
	<hr/> 1,464
<u>Budget decreases (-8.9%)</u>	
Car Park Income	-400
Investment Property Income	-270
Inflation on fees and charges	-151
Housing Benefit overpayments receipts	-133
Planning application income	-100
Recycling credits	-70
Trade Waste income	-49
Increased occupancy levels at the Chichester homeless hostel	-40
NNDR	-24
Other variations (net)	-10
	<hr/> -1,247
<u>Service Efficiencies (-2.8%)</u>	
Net savings arising from outsourcing of Westgate Leisure	-223
Car Park Staffing Restructure	-97
Restructuring of Revenues and Benefits Service	-78
	<hr/> -398
<u>Contribution to reserves -subject to Final Settlement (+1.2%)</u>	
Contribution to the Investment Opportunities Reserve (net movement)	193
Revenue contribution to the provision for future asset renewals	-31
	<hr/> 162
Budget Requirement (excluding increase in New Homes Bonus)	14,030

<u>Major Variations</u>	£000
<u>New Homes Bonus (movement in year) (+7.2%)</u>	1,014
Budget Requirement 2016-17	15,044
Financed By:	
Revenue Support Grant	829
Retained Business Rates	3,492
Business Rates Levy payable to central government (or to the West Sussex coastal pool)	-1,003
Collection Fund deficit (Council Tax and NNDR)	-93
Other non ring-fenced government grants	682
Council Tax payers	7,471
Funding excluding New Homes Bonus	11,378
New Homes Bonus	3,666
Total Funding	15,044

8.6. An explanation of each of the major variances shown in the table above can be found in the following paragraphs:

8.6.1 Allowances for recruitment and retention of staff (budget increase of £304,240)

Due to difficulties in recruiting and retaining staff, in October 2015 Cabinet agreed to introduce additional allowances amounting to £170,940 for Planning Services and £133,300 for Chichester Contract Services.

8.6.2 National Insurance (budget increase of £265,300)

The Department for Work and Pensions and HMRC issued new guidance on the ending of contracting-out of the additional State Pension from April 2016 which will increase employer national insurance contributions from 2016-17.

8.6.3 New Posts recommended by the Commercial Programme Board (budget increase of £194,000)

On the recommendation of the Commercial Programme Board, new posts have been incorporated into the base budget as follows:

- Temporary funding for a Business Development Manager and Business Support Manager at Chichester Contract Services (CCS) amounting to £104,200 subject to a restructure at CCS;
- a Development Capital Project Manager costing £48,300
- a Senior Estates Surveyor amounting to £41,500.

- 8.6.4 Pay Settlement (budget increase of £170,800)
The 2016-17 base budget includes provision for a 1% pay increase. This budget increase excludes Westgate Leisure.
- 8.6.5 Inflation on prices (budget increase of £171,400)
This takes into account cost inflation at £95,400 and the impact of incremental drift on Council salaries amounting to £76,000. General inflation has been estimated 1% apart from utility payments which range from a reduction of 8% for gas and an increase of 10% for biomass fuel.
- 8.6.6 Pension Contributions (budget increase of £119,900)
The Council's pension contribution will be increased by 1% from 1 April 2016.
- 8.6.7 Reduction in Housing Benefit Administration Grant (budget increase of £65,000)
Reduction in the government grant provided for the administration of Housing benefits for 2016-17.
- 8.6.8 Insurance Premiums and Bank Charges (budget increase of £59,400)
Insurance Premiums and Insurance Premium Tax have both increased due to additional engineering insurance, money held in car parks machines and more property holdings. As a result of EU ruling there will be an increase in bank charges as charging is now based on a percentage of the value of transactions which will be high due to council tax and planning fees transactions.
- 8.6.9 Development Management Service Resourcing (budget increase of £45,000)
Due to increased workload in the Major Applications and Business Team the April Cabinet approved to fund an additional Senior Planning Officer post using a carry forward in 2015-16 then to include the post in the base budget from 2016-17.
- 8.6.10 Removal of the Pest Control Service (budget increase of £30,120)
It was agreed at the July Cabinet meeting to outsource the Pest Control service. The Council is however still required to meet its statutory obligations that place responsibility on it to survey its district and keep it free from rats.
- 8.6.11 South Downs National Park Income (budget increase of £30,000)
The Council receives a payment from the South Downs National Park Authority (SDNPA) for running a planning service for the SDNPA area. The payment offered for 2016-17 reflects a 3% reduction in fee received during 2015-16.
- 8.6.12 Members allowances (budget increase of £10,200)
Cabinet in January 2016 received a recommendation from the Council's Independent Remuneration Panel to increase members allowances and then to fix them for a four year period.

8.6.13 Car Park Income (budget decrease of £400,000)

The 2016-17 budget has been increased by £405,000 to reflect demand based on 2015-16 projections. In addition to this additional income of £40,000 from car park smart cards has been included that was not previously budgeted for. This additional income will be used to fund the introduction of new and additional electric charging points in Council car parks costing £45,000.

8.6.14 Investment Property income (budget decrease of £270,400)

Two new investment properties acquired by the Council are now generating income; Crane Street amounting to £139,600 and The Woodruff Centre £130,800.

8.6.15 Inflation on fees and charges (budget decrease of £150,500)

An inflationary increase on car parking income has already been approved and generates an estimated £111,900 of additional income. Inflation on general fees and charges for Council services, excluding car parks, adds a further £38,600.

8.6.16 Housing Benefits overpayments receipts (budget decrease of £132,500)

Recovery of housing benefit overpayments from ongoing benefits and invoices raised in the debtors system. As a result of the "Real Time Information Initiative" that compares the records held by the Council to those held by HMRC, the Council has seen a significant increase in the value of identified housing benefit overpayments.

8.6.17 Planning application income (budget decrease of £100,000)

The rise in the number of major planning applications submitted in 2015-16 has led to a significant increase in income. It is assumed that this trend will continue in 2016-17.

8.6.18 Recycling credits (budget decrease of £70,000)

The recycling credits have increased due to a review of the allocation of credits across the county by West Sussex County Council.

8.6.19 Trade Waste income (budget decrease of £48,800)

There has been additional income generated from new trade business and a slight increase in the prices charged for the service.

8.6.20 Increase occupancy levels at the Chichester Homeless Hostel (budget decrease of £40,000)

The occupancy levels at Westward House were previously budgeted at 60% in 2015-16. Based on current occupancy levels this is now being budgeted at 67% for 2016-17.

8.6.21 NNDR (budget decrease of £24,000)

It is forecast that there will be an overall decrease in business rates payable on council owned properties.

8.6.22 Service Efficiencies (budget decrease of £397,650)

Savings arising from the outsourcing of Westgate Leisure of £222,900; excluding asset replacement contributions as per paragraph 8.6.23. The contract with the Council's preferred supplier will commence on 1 May 2016.

There has been a restructure in the Civil Enforcement team which has resulted in a decrease of staff to reflect the reorganisation of responsibilities. This has produced cost savings of £96,900. In addition, savings of £77,850 have resulted from a review and restructuring of the revenues and benefits service.

8.6.23 Contribution to reserves - subject to Final Settlement (an increase of £162,400)

A contribution to reserves of £1.015m has been set aside for new investment opportunities. This represents a £193k increase on the base budget contribution from 2015-16. Use of this reserve will follow the normal project approval process via Cabinet and Council (depending on value).

The contribution towards asset replacement has been increased by 1% for inflation (£15k) and by a further £88k mainly due to Euro VI emissions compliance for council vehicles. The outsourcing of Westgate Leisure has reduced the annual contribution by £134k. These changes ensure that the 25 year programme is fully funded based on current expected profiles.

9. Council Spending – Forecast outturn for 2015-16

- 9.1. At this point in time, the forecast for 2015-16 suggests there will be an underspend of approximately £1m against the original budget. This is primarily due to additional income generated by services such as Planning, Trade Waste, Car parks and Estates, in addition to a reduction in costs due to staff vacancies, mainly in the Revenues and Benefits service.
- 9.2. The Council has a good track record of managing its finances and controlling budgets.

10. Capital Programme

- 10.1. The current Capital Programme is set out in Appendix 2. This is based upon approved schemes as previously reported to Cabinet.
- 10.2. Appendix 3 sets out the next 5 years of as yet unapproved asset renewal projects. These are funded via contributions from the Council's revenue budget into a reserve set up for this purpose. This ensures the Council is able to fund its replacement assets on a recurring basis. The annual contribution to this fund is now £1.437m. This is in line with the Financial Strategy approved in December. This is based on an assessment of the likely capital schemes that will be brought forward over the next twenty five years to refurbish or replace existing essential assets. This will be kept

under review to ensure the programme remains affordable. It should be noted that further efficiencies in asset utilisation will reduce the demand on this fund. In addition, the current capital programme only assumes capital receipts that are expected in the very short term. Further receipts will occur that may be used for other capital purposes, or be diverted to supplement this fund. All schemes funded from this source will be subject to approval in the normal way as defined in the constitution and in the Council's project management process i.e. those over £50,000 will be subject to a Project Initiation Document (PID).

- 10.3. The anticipated spend on infrastructure projects in accordance with the approved Infrastructure Business Plan (IBP) are set out in Appendix 2. These projects will be subject to approval in accordance with the CIL governance arrangements agreed with the Corporate Governance and Audit Committee and the Council's Constitution, i.e. projects under £50,000 approved by the relevant Head of Service and Cabinet member, between £50,000 and £100,000 as agreed at Cabinet, and over £100,000 by Full Council.

11. Reserves

- 11.1. At Appendix 4 is the current Resources Statement. This indicates that the Capital Programme and Asset Replacement Programmes remain fully funded. This can be read in conjunction with Appendix 5 which is a position statement of the reserves at 31st March 2015. This statement sets out the different reserves held by the council, their purpose and the authorisation required to spend against those reserves.

12. Financial Administration

- 12.1. Section 25 of the Local Government Act 2003 requires the Head of Finance and Governance to report to members on the robustness of the estimates and the adequacy of reserves when considering the budget and council tax. This is so that members have authoritative advice available to them when making decisions on a budget that sets out estimates of what they plan to spend on each of the services. It is the view of the Head of Finance and Governance that the processes followed are sound and well established, the resultant estimates are robust, and reserves are at an adequate level. Regular monitoring reports are brought to members covering revenue budgets and the capital programme, and updates to the financial strategy and plan include analysis of resources and the affordability of the capital programme.
- 12.2. The Head of Finance and Governance is satisfied that the estimates used for Business Rates (the NNDR1) are robust and prudent. This annual return is required by the end of January and therefore will have been submitted to government by the date of the Cabinet meeting. As in previous years this return is required by DCLG to be authorised by the Council's S151 officer, i.e. the Head of Finance and Governance.

13. Summary

- 13.1. The primary objective of the report is to determine budget spending plans for 2016-17 against a background of ever-tightening financial constraints on public services. The estimates represent robust financial projections for the provision of Council services.

14. Resource and legal implications

- 14.1. Finance: The purpose of the report is to approve draft budget spending plans ahead of the Council meeting in March when the council tax and budget will be set for the forthcoming year. The plans, if adopted, will set the spending parameters of services and officers for 2016-17.
- 14.2. In opting for a Council Tax increase of £5 per band D property, the Council will generate an additional £256,000 per year. This will assist the Council to meet its long term objectives of protecting public services.

15. Consultation

- 15.1. As with last year's budget, the revenue budget spending plans were considered by a task and finish group set up by the Overview and Scrutiny and Corporate Governance and Audit Committees. This enabled earlier involvement with variance reports in December. The debate was very useful in terms of testing the changes in budget from base 2015-16 to draft 2016-17 and issues surrounding the budgets and government funding were explored.
- 15.2. The Draft Budget has been made available via the Council's website to encourage feedback on the budget and the balance of spending against taxation. This gives an opportunity for any interested party to state their opinion on priorities and resource allocation. Any comments received will be made available to members either at Cabinet, or at Council before the Council Tax and budget are set.

16. Community impact and corporate risks

- 16.1. Where services have been reduced through the council's change agenda, those services will have assessed the community impact and that will have been reported separately as part of the cabinet consideration at that time. This report represents the culmination of those previous decisions.
- 16.2. The resources statement currently indicates a surplus of resource after taking into account all commitments. However this statement includes a number of assumed capital receipts that are not yet secured. These receipts are subject to certain conditions, and therefore there is a risk that they may not be received, or be received at their forecast amount.

17. Other Implications

Crime & Disorder:	None
Climate Change:	None
Human Rights and Equality Impact:	None
Safeguarding and Early Help:	None

18. Appendices

- 18.1. Appendix 1 Draft Summarised Income and Expenditure Account.
- 18.2. Appendix 2 Capital and Projects Programme 2016-17 to 2020-21
- 18.3. Appendix 3 Asset Replacement Forecast 2016-17 to 2020-21
- 18.4. Appendix 4 Capital Programme Resource Statement
- 18.5. Appendix 5 Reserves Statement

19. Background Papers

- 19.1. None