

FOR PUBLICATION

**CABINET MEMBER FOR BUSINESS TRANSFORMATION REVENUE
BUDGET 2015/16 – 2020/21**

MEETING: (1) CABINET
(2) CABINET MEMBER FOR
BUSINESS TRANSFORMATION

DATE: (1) 15 DECEMBER 2015
(2) 7 DECEMBER 2015

REPORT BY: CHIEF FINANCE OFFICER

WARD: All

COMMUNITY FORUM: All

**KEY DECISION
NUMBER** 569

FOR PUBLICATION

BACKGROUND PAPERS: Budget Working Papers, Accountancy Section.

1.0 PURPOSE OF REPORT

- 1.1 To consider the probable outturn for the current financial year; and
- 1.2 To consider the draft budget for 2016/17 and future years.

2.0 RECOMMENDATIONS

- 2.1 That the probable outturn for the current financial year be considered.
- 2.2 That the draft estimates for 2016/17 and future years be considered.

3.0 INFORMATION INCLUDED

3.1 This is the first draft budget for this portfolio.

3.2 The following information is attached:

Annexe 1 Budget Summary by Programme Area.

Annexe 2 Detailed Estimates by Programme Area & Cost Centre.

Annexe 3 Subjective Analysis.

Annexe 4 Variances - this year's original estimate to revised.

Annexe 5 Variances - this year's original estimate to next year's.

4.0 PROBABLE 2015/16

4.1 The Probable Outturn for the current financial year is £1,484,630 an increase of £360,170 on the Original Estimate.

4.2 The main reasons for the budget increase are summarised below:

Table 1 – Significant Variances Original to Probable 2015/16

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
GP:GS costs (met from Service Improvement Reserve)	140
Bank charges – increased use of Paypoint/Post Office	69
Council Tax collection – increased staff	47
Housing Benefit payments (net)	65
Data Custodian post	18
Procurement – alternative delivery	(32)
Software maintenance	12
Approved carry forward – training & development	9
Other variances (net)	11
Changes to controllable budgets	339
Changes to Asset Charges	(3)
Change in support service recharges	24
Overall Increase	360

A more detailed analysis of these changes is provided in **Annexe 4**.

5.0 DRAFT ESTIMATES 2016/17

5.1 The draft estimates for 2016/17 total £1,517,860, an increase of £393,400 or 35.0% on the original estimates for 2015/16.

5.2 The most significant variances include:

Table 2 – Significant Variances Original 15/16 to Original 16/17

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
GP:GS costs	123
Bank charges – increased use of Paypoint/Post Office	71
Housing Benefit payments (net)	88
Data Custodian post	17
Procurement – alternative delivery	(33)
Software maintenance – centralisation of budgets	410
Housing benefit admin grant reduction - fraud	72
- general	18
- LCTS	16
PPP indexation	42
PPP savings	(16)
Project academy	(36)
Staffing changes	29
Other Changes (net)	(1)
Changes to controllable budgets	800
Changes in Asset Charges	9
Change in support service recharges	(416)
Overall Increase	393

A detailed list of variances is shown at **Annexe 5**.

5.3 The following budget assumptions have been used to produce the draft budgets.

- Pay award of 1% each year from 16/17 to 20/21
- Inflation rates –
 - 10% Gas & Electricity
 - 2% on Water Charges for 2016/17 and 3% for future years
 - General CPI 1% for 2016/17 and 2% for future years
 - General RPI 2% for 2016/17 and 3% for future years
 - Rates 1% for 2016/17 and 2% for future years

5.4 The budgets in this report are the first draft estimates which may need to be amended and refined before the final budget report is presented to Cabinet in February.

6.0 GROWTH REQUESTS

6.1 There are no growth requests for this portfolio.

7.0 MEDIUM TERM BUDGET ISSUES

7.1 Forecast budgets for 2017/18 to 2020/21 have been included in Annexes 1 to 3. Other than a provision for known inflationary pressures, there is one significant change in future years. A 5% reduction to the Housing Benefit administration grant has been assumed each year from 2016/17, a fall in income of approximately £30k p.a.

8.0 RISK MANAGEMENT

8.1 There are a number of significant risks inherent in any budget forecasting exercise and the risks increase as the period covered increases. The key budget risks/opportunities for the portfolio are listed below:

- Further reductions in government support for housing benefits

9.0 EQUALITIES IMPACT ASSESSMENT (EIA)

9.1 The budget process and forecasts produced do not require an EIA but any decisions to vary budgets and service provision may require EIA's specific to those options.

10.0 RESOURCE IMPLICATIONS

10.1 In writing this report the following standard corporate issues have been considered. The financial implications are covered in Sections 4 to 7 above.

11.0 RECOMMENDATIONS

11.1 That the probable outturn for the current financial year be considered.

11.2 That the draft estimates for 2016/17 and future years be considered.

12.0 REASONS FOR RECOMMENDATION

12.1 To enable the Council to set a balanced budget for 2016/17.

B DAWSON
CHIEF FINANCE OFFICER

Officer recommendation supported.

Signed:



Cabinet Member

Date: 7 December, 2015

Further information on this report can be obtained from
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