

For publication
**Cabinet Member for Business Transformation Revenue Budgets
2016/17 to 2021/22**

Meeting: Cabinet

Date: 13th December 2016

Cabinet portfolio: Business Transformation

Report by: Director of Finance & Resources

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 2017/18.

2.0 Recommendations

- 2.1 That the probable outturn for the current financial year be considered.
- 2.2 That the draft estimates for 2017/18 and future years be considered.

3.0 Probable Outturn 2016/17

- 3.1 The Probable Outturn for the current financial year is £1,913,590, an increase of £456,670 or 31.3% on the Original Estimate.
- 3.2 The main reasons for the budget increase are summarised below:

Table 1 – Significant Variances Original to Probable 2016/17

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
Employee Costs	(69)
Reduction in business rates	(6)
Reduction in PPP costs	(10)
Additional resource 'Pay and Reward' project	31
Reduction in software licence/support fee's (£30k Idox)	(35)
Contribution to reserves Idox	30
Increased professional services PPP contract review	50
Housing Benefit base budget correction	261
Council Tax welfare reform	50
Reduction in Housing Benefits bad debts provision contributions	(100)
Reduction in Severn Trent commission income	30
Increased professional services TOM	29
Central Printing Recharges ICT	14
Other variances (net)	(5)
Changes to controllable budgets	270
Changes to Asset Charges	6
Change in support service recharges	181
Overall Increase	457

A detailed list of variances is shown at **Annexe 4**.

4.0 Draft Estimates 2017/18

4.1 The draft estimates for 2017/18 total £1,825,460, an increase of £368,540 or 25.3% on the original estimates for 2016/17.

4.2 The most significant variances include:

Table 2 – Significant Variances Original 2016/17 to Original 2017/18

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
'Learning Pool' training system	14
PPP indexation	22
Reduction in software licence/support fee's (£30k Idox)	(35)
Contribution to reserves Idox	30
Software licence / support contract inflationary increase	7
Increased court costs	9
Increased banking charges	3
Housing Benefit base budget correction	261
Council Tax localisation grants	48
Reduction in Housing Benefits bad debts provision contributions	(100)
Reduction in Severn Trent commission income	30
Housing Benefit administration subsidy	28
Overpayment of rent rebates and allowances	(25)
Employee costs – GPGS fixed term contracts ending	(107)
Other variances (net)	5
Changes to controllable budgets	190
Changes in Asset Charges	4
Change in support service recharges	174
Overall Increase	368

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

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

- Pay award of 1% for each of the years 2017/18 to 2021/22
- Inflation rates –
 - Utilities 2% in 2017/18 and then 3% 2018/19 onwards
 - General CPI 1.5% in 2017/18 and then 2% 2018/19 onwards
 - Rates 2% 2017/18 onwards
 - Fees & Charges – minimum uplift of 3%

4.4 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.

5.0 Growth Requests

5.1 Any growth requests (new costs that are not in the original budget – e.g. new posts) will be considered at the budget setting meeting in February 2017.

6.0 Medium Term Budget Issues

6.1 The forecast budgets for 2018/19 to 2021/22 have been included in annexes 1 to 3. Other than a provision for known inflationary pressures (paragraph 4.4), there are no other issues to report.

7.0 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

8.0 Equalities Impact Assessment (EIA)

8.1 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.

9.0 Recommendations

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

9.2 That the draft estimates for 2017/18 and future years be considered.

10.0 Reasons for recommendations

10.1 To enable the Council to set a balanced budget for 2017/18.

Glossary of Terms	
CPI	Consumer Price Index

Decision information

Key decision number	685
Wards affected	All
Links to Council Plan priorities	<p>To improve access to technology that meets the needs of our residents, businesses and Visitors</p> <p>To become financially self-sufficient by 2020, so we can continue to deliver the services our communities need</p>

Document information

Report author	Contact number/email
Richard Staniforth David Corker	Tel: 01246 345456 Ext. 2010
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>None.</i>	
Annexes to the report	
Annexe 1	Budget summary by programme area
Annexe 2	Detailed estimates by programme area
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