

For publication

Cabinet Member for Governance Revenue Budgets 2016/17 to 2021/22

Meeting:	Cabinet
Date:	13 th December 2016
Cabinet portfolio:	Governance
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 £2,594,990 a decrease of £73,090 or 2.7% on the Original Estimate.
- 3.2 The main reasons for the increase are summarised below:

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
General Employee Cost increase	16
Increase in Members NI contributions	5
Agency cover in Legal Services	27
Increase in Premises costs	4
Senior Leadership Team recruitment	30
Removal of Community Grants	(48)
Reduction in Mayoral costs	(7)
Increased health & safety costs	26
Land Charges litigation costs	6
Introduction of living wage (building cleaning)	9
One-off increase in Legal Services income	(38)
Reduction in other rechargeable income	7
Government Prevent Funding	(5)
Use of reserve to cover increase legal costs	(10)
Reduced Twinning activities	(5)
Other Minor Variations	2
Changes to controllable budgets	19
Changes to Asset Charges	(13)
Change in support service recharges	(79)
Overall decrease	(73)

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

4.0 Draft Estimates 2017/18

4.1 The draft estimates for 2017/18 total £2,700,760 an increase of £32,680 or 1.2% on the original estimates for 2016/17.

4.2 The most significant variances include:

Table 2 – Significant Variances Original 16/17 to Original 17/18

Description	Increase / (Decrease) £'000
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<u>Changes to controllable budgets:</u>	
Salary increases	8
Increase in Members NI contributions	5
Service re-structures	137
Removal of Community Grants	(48)
Reduction in committee servicing costs	(7)
Increase in Land Charges overhead	4
Increase in Members Allowances	4
Increase in Utilities	4
Introduction of living wage (building cleaning)	12
Net decrease in supplies & services	(8)
Decrease in other rechargeable income	6
Increase in Land Charges income	3
Minor Variations	3
Changes to controllable budgets	123
Changes in Asset Charges	(11)
Change in support service recharges	(79)
Overall increase	33

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

The majority of the increase in controllable budgets (£137k) is due to the establishment of the new CMT and information assurance posts within the portfolio.

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

- Pay award of 1% for each of the years 17/18 to 21/22
- Inflation rates –
 - Utilities 2% in 2017/18 & 3% for all future years
 - General CPI 1.5% in 2017/18 and then 2% 2017/18 onwards
 - Rates 2% for all years
 - Fees & Charges – minimum 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 will be considered at the budget setting meeting in February 2017.

6.0 Medium Term Budget Issues

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

7.0 Risk management

7.1 There are a number of significant risks inherent in any budget forecasting exercise and the risks increase as the period covered increases.

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 <i>(delete table if not relevant)</i>	
CPI	Consumer Price Index

Decision information

Key decision number	684
Wards affected	All
Links to Council Plan	To provide value for money

priorities	services.
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Document information

Report author	Contact number/email
David Corker	01246 345457 david.corker@chesterfield.gov.uk
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</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