

FOR PUBLICATION

LEADER & EXECUTIVE MEMBER FOR REGENERATION REVENUE
BUDGET 2014/15 – 2019/20

MEETING: (1) CABINET
(2) LEADER & EXECUTIVE MEMBER FOR REGENERATION

DATE: (1) 16 DECEMBER 2014
(2) 4 DECEMBER 2014

REPORT BY: CHIEF FINANCE OFFICER

WARD: All

COMMUNITY FORUM: All

KEY DECISION NUMBER 458

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 2015/16 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 2015/16 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 2014/15

4.1 The Probable Outturn for the current financial year is £446,580 a decrease of £37,630 on the Original Estimate.

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

Table 1 – Significant Variances Original to Probable 2014/15

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
Tapton Innovation Centre – increased surplus	(11)
Economic development post unfilled	(34)
Dunston Innovation Centre increased rents	(18)
Dunston Innovation Centre – increased profit share to partners	9
Changes to controllable budgets	(54)
Changes to Asset Charges	(1)
Change in support service recharges	17
Overall Decrease	(38)

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

5.0 DRAFT ESTIMATES 2015/16

5.1 The draft estimates for 2015/16 total £441,230, a decrease of £42,980 or 8.9% on the original estimates for 2014/15.

5.2 The most significant variances include:

Table 2 – Significant Variances Original 14/15 to Original 15/16

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
Tapton Innovation Centre – increased surplus	(12)
Economic Development post – grant aided for part year	(6)
CMT Restructure	(83)
Dunston Innovation Centre – additional rent income	(52)
Dunston Innovation Centre – digital connectivity	20
Dunston Innovation Centre – contribution to reserves	25
Pay inflation/Pension costs	3
Other Changes (net)	3
Changes to controllable budgets	(102)
Changes in Asset Charges	(1)
Change in support service recharges	60
Overall Decrease	(43)

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 15/16 to 19/20
- Inflation rates –
 - 7.5% Gas & Electricity
 - General CPI 2% in each year
 - Rates 3% in each year

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 2016/17 to 2019/20 have been included in Annexes 1 to 3. Other than a provision for known inflationary pressures, there are two significant changes in future years. The first is the end of the contribution from WNF reserves towards economic promotion activities from 2016/17 onwards (£75k). The second is an anticipated growth in income at the Innovation Centres of £19k in 2016/17 rising to £48k by 2018/19.

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:

- Increases in utility charges
- Income at Dunston Innovation Centre & Tapton Park Innovation Centre

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 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.

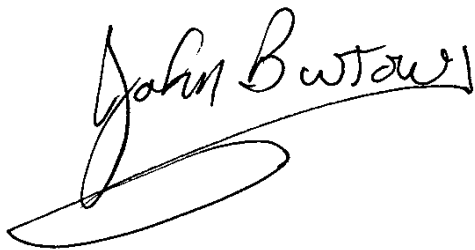
11.2 That the draft estimates for 2015/16 and future years be considered.

12.0 REASONS FOR RECOMMENDATION

12.1 To enable the Council to set a balanced budget for 2015/16.

B DAWSON
CHIEF FINANCE OFFICER

Officer recommendation supported.

A handwritten signature in black ink, appearing to read "John Burtow", with a large, sweeping underline stroke.

Signed Executive Member

Date 4.12.2014

Consultee Executive Member/Support Member comments (if applicable)/declaration of interests:

Further information on this report can be obtained from
Helen Fox, Accountancy Services (ext. 5452)