

FOR PUBLICATION

DEPUTY LEADER & EXECUTIVE MEMBER FOR PLANNING
REVENUE BUDGET 2014/15 – 2019/20 (J000)

MEETING: (1) CABINET
(2) LEADER IN THE ABSENCE OF DEPUTY
LEADER & EXECUTIVE MEMBER FOR
PLANNING

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

REPORT BY: CHIEF FINANCE OFFICER

WARD: All

COMMUNITY FORUM: All

**KEY DECISION
NUMBER** 459

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 (£1,243,820) a decrease in the surplus of £36,010 on the Original Estimate.
- 4.2 The main reasons for the surplus decrease are summarised below:

**Table 1 – Significant Variances Original to Probable
2014/15**

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
General Employee Savings	(43)
Contributions to Procurement Staffing & Support Services Secondments	(27)
Project Academy – from reserves	30
Redundancy Payments	7
Car Allowances	(18)
Energy, Water & NNDR	(12)
Insurance	(20)
Rent at Whitting Valley Rd	(8)
General Repairs & Equipment	17
Lean Review	15
Covenant at former ABC Cinema	(45)

Planning Inquiry & Goldminers Appeal	22
Reduced Estates Income & rental loss on sale of Marsden St Car Park	29
Planning Application Income	(78)
Vicar Lane Rents & Serv Chrges	26
Town Centre Rents & Serv Chrg	23
BCN Consortium – contribution to GF	(14)
Payments to Arvato/Kier	(7)
Reduced Ind Units & Wkshops Rents & SC	77
Industrial Units & Workshops Profit Share	(12)
Kier Core & Non Core Services	(44)
Kier Change of Control on Drain Clearing	9
Other Minor Variations	(4)
Changes to controllable budgets	(77)
Changes to Asset Charges	25
Grant towards capital charges	(41)
Change in support service recharges	129
Overall decrease in surplus	36

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 is (£1,323,940) an increase in surplus of £44,110 or 3.4% 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>	
General Employee Savings incl Pay Award	(102)
Business Transformation Restructure	17
Project Academy – from reserves	36
Car Allowances	(16)
Insurances	(23)
Energy & Water – incl inflation & excl Pvts	(5)
Rents & NNDR excl Pavements	(12)
General Repairs, Services & Equipment	11

Rent at Whitting Valley Rd	(8)
Kier Core & Non Core Services	(44)
Kier Change of Control on Drain Clearing	5
BCN Consortium – contribution to GF	(14)
Town Centre Rents & Service Charges	26
Industrial Units & Workshops Rent/Recharge	(27)
Industrial Units & Workshops Profit Share	(8)
Reduced Estates Income & rental loss on sale of Marsden St Car Park	29
Payments to Arvato/Kier	2
Other Minor Variations	(5)
Changes to controllable budgets	(138)
Changes in Asset Charges	231
Grant towards capital charges	(210)
Change in support service recharges	73
Overall increase in surplus	(44)

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% for all years.
- Inflation rates –
 - 7.5% on Gas and Electricity for all years
 - 2.0% on Water Charges for all years
 - General CPI 2.0% & RPI 3% for all years
 - Rates 3.0% for all years

5.4 In addition, the controllable draft estimate for 2015/16 is (£2,554,120) an increase in surplus of (£348,560) (15.8%) on the original controllable budget estimate 2014/15.

5.5 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 Any growth requests will be considered at the budget setting meeting in February 2015.

7.0 MEDIUM TERM BUDGET ISSUES

7.1 Forecast budgets for 2016/17, 2017/18, 2018/19 & 2019/20 have been included in annexes 1 to 3. Other than a provision for known inflationary pressures no other changes have been built into the budgets.

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:

- Void rents & National Non-Domestic Rates (NNDR) on Industrial Units and Town Centre Properties due to the current economic climate
- Increases in utility charges

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.

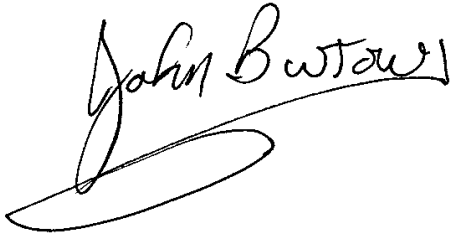
11.2 That the draft estimates for 2015/16 and future years be considered.

12.0 REASON FOR RECOMMENDATIONS

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.

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
Linda Coupe, Accountancy Services (ext. 2008)