

FOR PUBLICATION

EXECUTIVE MEMBER FOR GOVERNANCE **REVENUE BUDGET 2014/15 – 2019/20**

MEETING:	(1)	CABINET
	(2)	EXECUTIVE MEMBER FOR GOVERNANCE
DATE:	(1)	16 DECEMBER 2014
	(2)	8 DECEMBER 2014
REPORT BY:		CHIEF FINANCE OFFICER
WARD:		All
COMMUNITY FORUM:		All
KEY DECISION NUMBER	463	

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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.
- Annexe 6 Growth Request

4.0 PROBABLE 2014/15

4.1 The Probable Outturn for the current financial year is £3,505,360 an increase of £33,890 or 1.0% on the Original Estimate.

4.2 The main reasons for the increase are summarised below:

Description	Increase / (Decrease) £'000	Funded from Reserves
<u>Changes to controllable budgets:</u>		
General Employee Savings	(114)	
Employee costs for Procurement structure	32	
Support Services restructure savings	(22)	
Salary transferred from another portfolio	27	
Redundancy costs	31	31
Executive Directors salary costs	65	
Executive Directors Advertising & Agency	39	25
Increase in Past Service costs	22	
Pension costs (added years & shortfalls)	26	26
Other Pension costs	(4)	
External Audit Fees	(11)	
Concessionary Travel	(8)	
Occupational Health (para 5.6)	10	
Training underspends c/fwd from 13/14	32	32
Legal fees for land charges claim	3	
Software maintenance & training	16	
Savings on Utility charges & NNDR	(18)	
Reduction in Printing recharges	11	
Reduction in Professional Services	(2)	
Savings on Mayoral car	(4)	
Other Minor Variations	(2)	

Changes to controllable budgets	129	114
Changes to Asset Charges	8	
Change in support service recharges	(103)	
Overall increase	34	114

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

4.3 Of the £129k increase in controllable budgets £114k will be met by a contribution from reserves which is shown in the corporate budget summary and not in this portfolio.

4.4 Included in the above table is a carry forward of £32,000 for Training.

5.0 DRAFT ESTIMATES 2015/16

5.1 The draft estimates for 2015/16 total £3,613,000 an increase of £141,530 or 4.1% 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>	
Salary reductions	(33)
Employee costs for Procurement structure	53
Savings on Head of Service post	(83)
Executive Directors	216
Past Service costs increase	54
Other Pension savings	(5)
PPP Arvato charge	(12)
Increase in Occupational Health (para 5.6)	10
Software Maintenance	7
Utility & NNDR savings	(14)
Reduced Printing Income	11
Reduction in Electoral Registration budget	(15)
Costs for 2015/16 Local Elections	86
Savings on Mayoral Car	(4)
Minor Variations	8
Changes to controllable budgets	279

Changes in Asset Charges	(40)
Change in support service recharges	(97)
Overall increase	142

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

The majority of the increase incontrollable budgets (£279k) is due to:

- The new Executive Director posts (£216k) but there will be corresponding savings in other portfolios where the Heads of Service posts have been removed.
- Cost of the local elections in May 2015 (£86)

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

5.5 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.

5.6 Occupational Health

There is an increase from 2014/15 of £10,000 in the Occupational Health budget. The Health & Safety committee approved the referral of staff to Chiropractors & Physiotherapists to assist in work attendance. It was originally thought that the costs could be met from within the original budget. Human Resources are trying to improve the evaluation process to see what benefits and improvements have been seen in work and attendance by the referrals.

6.0 GROWTH REQUESTS

6.1 Attached at Annexe 6 is a growth request for an additional 50% funding for a GIS Data Custodian of £16,870 for 2015/16, 2016/17 & 2017/18.

7.0 MEDIUM TERM BUDGET ISSUES

- 7.1 Forecast budgets for 2016/17 to 2019/20 have been included in Annexes 1 to 3.

8.0 RISK MANAGEMENT

There are no Risk Management issues

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 and future years.

B DAWSON
CHIEF FINANCE OFFICE

Officer recommendation supported.



Signed

Executive Member

Date 08.12.2014

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

Further information on this report can be obtained from
Paula Clayton, Accountancy Services (ext. 2010)