

## BRECKLAND DISTRICT COUNCIL

**Report of:** Pablo Dimoglou, Executive Member Finance

**To:** Cabinet, 9 February 2016  
Full Council, 25 February 2016

**(Author:** Julie Kennealy, Shared Executive Director Commercialisation)

**Subject:** Budget, Medium Term Plan and Capital Strategy

**Purpose:** To consider the capital and revenue budget estimates and proposed council tax, the financial medium term plan and the capital strategy and recommend approval to Full Council

### **Recommendation(s):**

#### **Recommend to Full Council that:**

- 1) The Breckland revenue estimates and parish special expenses for 2016-17 and outline position through to 2019-20 (as set out in appendix B and E) are approved
- 2) The capital estimates and associated funding for 2016-17 and outline position through to 2019-20 (as set out in appendix H) are approved
- 3) A 100% disregard of war pensions, war widow's pensions, war widower's pensions and armed forces compensation payments or any other successor scheme in the calculation of Housing Benefit be approved
- 4) The fees and charges shown at appendix D and D2, for adoption 1 April 2016 are approved
- 5) The Council Tax for a band A property in 2016-17 be set at £49.32, a £3.30 per annum increase on 2015-16 levels (band D £73.98, a £4.95 per annum increase on 2015-16 levels)
- 6) The financial medium term plan at appendix A is approved
- 7) The Council applies for the four year settlement from central Government
- 8) The capital strategy at appendix G is approved
- 9) The release of budget from the investment and growth funds be delegated to the Portfolio Holder for Finance and S151 Officer to jointly approve on receipt of a fully worked and appropriate business case which generates an agreed ongoing return

### **1.0 BACKGROUND**

- 1.1 This draft budget accommodates the latest known position, final confirmation of the comprehensive spending review (CSR) is expected in early February and Cabinet will be updated with any known changes at the meeting.
- 1.2 The appendices to this report outline the 2016-17 revenue and capital estimates for the General Fund, the proposals for the setting of discretionary fees and charges, the outline position to 2019-20, the medium term financial plan and the capital strategy. The medium term plan sets out the framework within which the budget is to be set to ensure that it enables the Council to achieve its own corporate objectives. The capital strategy sets out the framework for the capital budget setting.

- 1.3 The draft budget, medium term plan and capital strategy have been considered by Cabinet and Overview & Scrutiny Committee, they have also been available for consultation on the Council's website and presented to the Town and Parish Forum in advance of any Cabinet recommendations and formal Council decision. Following the comprehensive spending review (CSR) Overview & Scrutiny Committee have been further updated.
- 1.4 Feedback received from the consultation was:
- A couple of responses were received around the continuation of small business rates relief 100% discount on NNDR. This is determined by Central Government so Breckland are unable to control this discount, however the market towns initiative project and the new growth fund are both able to support the market towns.
  - A response was received around the Pride in Breckland funding and this is budgeted to continue whilst the funding from Norfolk County Council is received.
  - No other feedback was received from the consultation.
- 1.5 The Local Government Settlement delivered future reductions to the New Homes Bonus (NHB) funding and greater cuts in the short term to Revenue Support Grant (RSG) than we had anticipated in our draft budget. In addition the NHB may only payable where a Local Plan has been submitted and we must therefore focus on a timely submission of a robust plan. The budget was largely unaffected by this Settlement, mainly due to members foresight in building in reduced reliance on central government grant across the medium term, however the amounts contributed to the investment and growth funds were reduced as a result. The budget assumes a nil reliance on RSG by 2019-20, with the reduction phased over the medium term. The Settlement delivered a tough position for Councils, but Breckland is well placed to focus on delivering its strong financial plan over the coming years.
- 1.6 The Settlement also provided a draft four year funding Settlement to 2019/20 for any councils who wish to take it up. Councils will need to request this and will need to have an efficiency plan in place in order to qualify. This report recommends Breckland take up the four year funding Settlement as it provides some clarity on future funding and referendum levels, Breckland already has a robust efficiency plan in place so are eligible to apply. The offer only provides draft funding figures as Government have stated that future grant determinations could be subject to change owing to unforeseen events, however it is the best indication that we currently have and provides some certainty to the future years budgets.
- 1.7 Timely and successful delivery of the transformation programme will be key to the success of the Council's balanced budget over the medium term. Funding set aside in previous years is being utilised to support the delivery of the transformation programme (which is underway) and will provide improved customer outcomes and generate on-going revenue savings or income over the medium term. The investment and growth funds support the commercialisation stream of the programme by generating investment returns and promoting economic and housing growth in the region. The Council's LABV is on track to deliver an on-going revenue return from the Thetford Riverside project which is currently under construction and these returns are included within the budget. The budget includes efficiency requirements for specific identified projects within the transformation programme (as detailed in summary in appendix B) and there is sufficient time to develop and implement these projects before the efficiency is required.
- 1.8 Approval for release of the growth and investment funds will need to be able to react quickly to opportunities as they arise and each project will need to provide a robust business case which generates an on-going return or opens up opportunities for on-going returns from subsequent projects. For these reasons it is recommended that the release of

funding from the growth or investment funds is delegated to the joint approval of the Executive Member for Finance and the S151 Officer, on receipt of a fully worked and appropriate business case which generates an agreed ongoing return.

- 1.9 Elected Members work to ensure the district and our residents remain at the heart of our financial planning, key headlines of the attached budget are:
- No reduction in services
  - Balanced budget over the medium term
  - Investment to support transformation in service delivery to improve outcomes for our customers
  - Focus on district growth supporting local businesses and enabling a wide range of housing solutions
  - Major capital investment in regeneration and services
- 1.10 The Local Government Act 2003 introduced a requirement that the Chief Financial Officer reports on the robustness of the budget. I am satisfied the estimates have been prepared in a prudent manner, although it is recognised that there are a number of elements outside of the Council's control and these are identified within the "risks" section of appendix A and will be mitigated through the budget monitoring and risk management processes of the Council. I can confirm there is no dependency on reserves to finance recurrent expenditure and appendix A gives details of the General Fund and earmarked reserve balances and movements, which I consider to be adequate for the purposes of the Council over the medium term. A full review of reserves was carried out during the year and part of this review re-earmarked reserve balances which were no longer required to the new *investment fund* to provide funding to purchase assets which deliver an on-going revenue return.
- 1.11 **Housing Benefit Local Scheme for War Pensioners and War Widows.** Housing Benefit rules provide for statutory disregard of the first £10 of war pensioners and war widows pensions, the remaining income is then deducted from means tested Housing Benefit assessments. Housing Benefit regulations provide for an additional discretionary scheme disregard, known as a *Local Scheme*, for a Council to determine to disregard the remaining income. Presently Breckland's local scheme does not fully disregard all income types received by these customers.
- Members are asked to adopt a Local Scheme from 1 April 2016 to fully disregard 100% of any war pension or war widow's pension in the calculation of Housing Benefit entitlement. Such approval would bring the Council's Local Scheme into harmony with the Council's Local Council Tax Support Scheme and with other partner Council's schemes within the Anglia Revenues Partnership (ARP). It would also support the Council's armed forces covenant in recognition of the injuries received by members of the armed forces whilst in military service. Currently the cost of such an approval would be in the region of £2k per year which is affordable within the proposed budget.

## 2.0 OPTIONS

- 2.1 That recommendations 1 to 9 are made to Full Council for approval.
- 2.2 Make amendments before recommendations 1 to 9 are made to Full Council for approval.
- 2.3 Some but not all of recommendations 1 to 9 are made to Full Council for approval.

## 3.0 REASONS FOR RECOMMENDATION(S)

- 3.1 To comply with budgetary and policy framework.

#### 4.0 **EXPECTED BENEFITS**

4.1 To set an affordable and balanced budget for 2016-17 which delivers on the Council's priorities.

#### 5.0 **IMPLICATIONS**

##### 5.1 **Carbon Footprint / Environmental Issues**

5.1.1 It is the opinion of the Report Author that there are no implications.

##### 5.2 **Constitution & Legal**

5.2.1 It is the opinion of the Report Author that there are no implications.

##### 5.3 **Contracts**

5.3.1 It is the opinion of the Report Author that there are no implications.

##### 5.4 **Corporate Priorities**

5.4.1 The budget supports delivery of the Council's priorities.

##### 5.5 **Crime and Disorder**

5.5.1 It is the opinion of the Report Author that there are no implications.

##### 5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the Report Author that there are no implications.

##### 5.7 **Financial**

5.7.1 The report and appendices are of a financial nature and financial information is included within these.

##### 5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the Report Author that there are no implications.

##### 5.9 **Risk Management**

5.9.1 Risk has been considered and is included within the appendices.

##### 5.10 **Staffing**

5.10.1 It is the opinion of the Report Author that there are no implications.

##### 5.11 **Stakeholders / Consultation / Timescales**

5.11.1 Consultation with all stakeholders has been undertaken through the draft budget report.

##### 5.12 **Other**

5.12.1 N/A

## 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All

## 7.0 **ACRONYMS**

- 7.1 BPI – Basic Performance Increase
- 7.2 CIPFA – Chartered Institute of Public Finance & Accountancy
- 7.3 CSR – Comprehensive Spending Review
- 7.4 (D)CLG – (Department) Communities for Local Government
- 7.5 LABV – Local Asset Backed Vehicle
- 7.6 LCTRS – Localised Council Tax Reduction Scheme
- 7.7 NHB – New Homes Bonus
- 7.8 NNDR/NDR – National Non Domestic Rates (Business Rates)
- 7.9 PFI – Private Finance Initiative
- 7.10 PRP – Performance Related Pay
- 7.11 RSG – Revenue Support Grant
- 7.12 S31 – Section 31
- 7.13 VFM – Value for Money

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Background papers:- [See The Committee Report Guide](#)

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### **Lead Contact Officer**

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**Key Decision:** Yes

**Exempt Decision:** No

**This report refers to both Mandatory and Discretionary Services**

### **Appendices attached to this report:**

Appendix A	Budget Estimates and Medium Term Plan
Appendix B	General Fund Summary
Appendix C	Tax Base
Appendix D & D2	Fees & Charges
Appendix E	Reserves
Appendix F	Sensitivities
Appendix G	Capital Strategy
Appendix H	Capital Estimates