

## BRECKLAND DISTRICT COUNCIL

**Report of:** Cllr Philip Cowen, Executive Member Finance

**To:** Full Council, 22 February 2018

**(Author:** Christine Marshall, Executive Director Commercialisation)

**Subject:** Budget, Medium Term Plan & 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 to recommend their approval to Full Council

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

- 1) The Breckland revenue estimates and parish special expenses for 2018-19 and outline position through to 2021-22 (as set out in Appendix B and E) are approved.
- 2) The capital estimates and associated funding for 2018-19 and outline position through to 2021-22 (as set out in Appendix H) are approved.
- 3) The fees and charges shown at Appendix D and D2, for adoption on 1 April 2018 are approved.
- 4) The Council Tax is set at £83.88 for a Band D property in 2018-19 (a £4.95 per annum increase on 2017-18 levels).
- 5) The financial Medium Term Plan at Appendix A is approved.
- 6) The Capital Strategy at Appendix G is approved.
- 7) Agree the changes to the current pay scheme as detailed in Appendix I

### **1.0 BACKGROUND**

- 1.1 This budget accommodates the latest known position, the final Local Government Finance Settlement (which includes announcements for new homes bonus and council tax referendum levels) was received on 7 February, with no changes from the draft Settlement figures.
- 1.2 The appendices to this report outline the 2018-19 revenue and capital estimates for the General Fund, the proposals for the setting of discretionary fees and charges, the outline position through to 2021-22, the medium term financial plan and the capital strategy. The medium term financial 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 capital budget setting.
- 1.3 The draft budget, medium term plan and capital strategy have been considered by Overview & Scrutiny Committee, they have also been available for consultation on the Council's website in advance of any Cabinet recommendations and formal Council decision. No formal responses were received from the consultation on the website.

## Revenue

- 1.4 The budget approved by the Council in February 2017, provided a robust budget over the medium term, supported by the Moving Forward transformation plan. The Moving Forward programme includes efficiencies and service improvement in 4 main areas; Organisational Design, Commercialisation, Digitalisation and Aligning Public Services. Reserve funding was set aside in order to provide resource and investment to deliver the programme, innovative income generation and associated growth and investment plans. Successful delivery of this programme provided a balanced budget over the medium term. To date this programme is performing well with around 58% of the 4 year target already delivered in year 2. Some timing delays have led to a forecast shortfall in achievement of targets in year 3, but these are still on track to deliver in the medium term. Projects within the programme have been flexed and updated as part of this budget process to ensure the programme remains up to date and deliverable. However the balanced budget is reliant on this programme being delivered.
- 1.5 The Council successfully applied for the Government's four year settlement offer, using the Moving Forward programme as the basis of the efficiency plan. Whilst this has given some certainty over this element of funding, the four year period ends after 2019-20, so budgets after this date remain estimates.
- 1.6 Despite the challenges of reduced funding and economic uncertainty, the Council remains in a strong and secure financial position across the medium term with no dependency on reserves. This budget has removed reliance on Revenue Support Grant (RSG) to nil from 2018-19 and continues to provide funding for the investment and growth fund to generate ongoing revenue returns. In addition we have continued with the principle of removing reliance on New Homes Bonus (NHB), with our reliance down to £159k by 2021-22. The funding received is now being contributed into the Communities reserve for Members to determine the community projects for this to be spent on.

Based on this budget the table below shows the indicative values to be contributed to the communities reserve. Future year's values are subject to change and should not be committed until the values are certain (February each year).

	18-19	19-20	20-21	21-22
In Year Budgeted Contribution	1,785,946	1,479,766	1,334,368	1,550,667
Closing Balance (if not spent)	1,785,946	3,265,712	4,600,080	6,150,747
Reliance on NHB built into budget	609,636	605,352	573,267	159,230

- 1.7 Members should be aware that whilst this budget shows a stable financial position, we should bear in mind the risk of future large Business Rates appeals and the impact they may have on the budget and sensitivities shown in appendix F provide more detail on this. Where large value single properties have been rated during the year, these may challenge their rateable value and the income to the council may reduce. Funds are set aside in reserve if this is the case until next year when the outcome of any appeal would be known and the changes made in next year's budget setting.

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;
- No long term reliance on reserves;
- Continued investment to support transformation in service delivery to improve outcomes for our customers;
- Continued focus on district growth supporting local businesses and the economy and enabling a wide range of housing solutions;
- Major capital investment in regeneration and services.

- 1.8 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.

## Capital

- 1.9 The draft capital programme for 2018-19 through to 21-22 is:

	<b>18-19 to 21-22</b>
Programmed spend	£19,721k
Forecast Receipts	(£2,406k)
Forecast Funding	(£16,192k)
<b>Net Spend</b>	<b>£1,123k</b>
Forecast Reserves as at 01.04.2017	(£1,810k)
<b>Available funding</b>	<b>(£687k)</b>

This shows remaining capital funding of £687k. The availability and scope for future projects is therefore limited unless additional receipts or funding is generated, or the spend supports a business case including borrowing. Details of the capital programme are included at appendix H.

## 2.0 OPTIONS

- 2.1 That recommendations 1 to 7 above are approved.
- 2.2 That amendments are made before recommendations 1 to 7 above are approved.

## 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 2017-18 which delivers on the Council's priorities.

## 5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### 5.2 Corporate Priorities

- 5.4.1 The budget supports the Council's priorities and the final budget is considered alongside the Corporate Plan.

### 5.3 **Financial**

5.7.1 The report is of a financial nature and financial implications are covered within the report.

### 5.8 **Risk Management**

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

### 5.9 **Stakeholders / Consultation / Timescales**

5.13.1 Consultation is included within the appendices.

### 5.10 **Transformation Programme**

5.14.1 The budget and transformation programme are intrinsically linked and information on the Moving Forward programme is included as necessary within the report and appendices.

## 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 and Accountancy

7.3 MHCLG – Ministry for Housing Communities & Local Government

7.4 LABV – Local Asset Backed Vehicle

7.5 NHB – New Homes Bonus

7.6 NNDR/NDR – National Non-Domestic Rates (Business Rates)

7.7 PFI – Private Finance Initiative

7.8 PRP – Performance Related Pay

7.9 RSG – Revenue Support Grant

7.10 S31 – Section 31

7.11 VFM – Value for Money

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Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

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**Key Decision:** Yes

**Exempt Decision:** No

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

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

Appendix A Budget estimates and medium term financial plan

Appendix B General Fund Summary

Appendix C Tax Base

Appendix D & D2 Fees and charges

Appendix E Reserves

Appendix F Sensitivities

Appendix G Capital Strategy

Appendix H  
Appendix I

Capital Programme  
Changes to current pay scheme