

## BRECKLAND DISTRICT COUNCIL

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

**To:** Overview & Scrutiny – 5 January 2017

**(Author:** Suzanne Jones, Executive Director Commercialisation)

**Subject:** Draft Budget, Medium Term Plan & Capital Strategy

**Purpose:** To consider the draft capital and revenue budget estimates, the medium term financial plan and the capital strategy

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

- 1) That the draft capital and revenue budget estimates, the medium term financial plan and the capital strategy are reviewed

### **1.0 BACKGROUND**

- 1.1 The appendices to this report outline the 2017-18 revenue and capital estimates for the General fund, the proposals for the setting of discretionary fees and charges, the outline position through to 2020-21, 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.

### **Revenue**

- 1.2 The budget approved by the Council in February 2016, 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.
- 1.3 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, at this stage of the budget process there still remain some un-knowns, including:
  - New Homes Bonus – part of the draft settlement consultation currently
  - Retained NNDR – the recent 2017 revaluation and it associated effectsThis draft budget includes assumptions for these areas and these will be updated once further information becomes available.
- 1.4 Despite the challenges of reduced funding and economic uncertainty, the Council remains in a secure financial position across the medium term with no dependency on reserves. This draft budget continues to support the principal of reducing reliance on RSG to nil from 2019-20 and providing funding for both investment and growth funds.

- 1.5 Over the past year various cost pressures and savings have arisen and the Council has a revised budget position in this first draft:

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget gap	408	89	137	466

The table shows a larger budget gap during 2017-18 which mainly results from timing changes of the four year Moving Forward programme. The programme remains on track to deliver the necessary savings over the four year term and individual projects will flex throughout this time and budgets will be adjusted as required to adapt to this flexing.

- 1.6 The Council has various options available to it to fund this budget gap and these opportunities will be investigated and decided on before presentation of the final budget in February 2017:
- ARP Trading are due to deliver a dividend in 2016-17, this dividend could be carried forward into 2017-18 to part fund the budget gap in that year.
  - One off reserve funding or the current year below budget spend/windfall income could be carried forward to support the 2017-18 budget gap.
  - Additional NNDR growth (above that already included in the Moving forward programme) could potentially be achieved through work by the inward investment team. This is unlikely to be achieved until 2020-21.
  - Levels of council tax for the medium term
  - Additional efficiency targets could be incorporated in the Moving Forward programme for Organisational Design from 20-21 following completion of our digitalisation agenda. Currently savings of 10% are already included in the programme.
  - A review of fees and charges levels over the medium term

## Capital

- 1.7 The draft capital programme for 2017-18 through to 20-21 is:

	<b>2017-18 to 20-21</b>
Programmed spend	£12,992k
Forecast Receipts	(£3,143k)
Forecast Funding	(£4,525k)
<b>Net Spend</b>	<b>£5,324k</b>
Forecast Reserves as at 01.04.2017	(£4,755k)
<b>Shortfall in funding</b>	<b>£569k</b>

This shows a shortfall in capital funding of £569k, which can be funded via internal borrowing based on the draft budgets. 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 the draft capital and revenue budget estimates, the medium term financial plan and the capital strategy are reviewed
- 2.2 There are no alternative options presented
- ## 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**

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

5.4.1 The budget supports the Council's priorities and the final budget will be considered alongside the Corporate Plan

##### 5.7 **Financial**

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

##### 5.10 **Risk Management**

5.10.1 Risk has been considered and is included within the appendices

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

5.11.1 Consultation is included within the appendices

##### 5.14 **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.

##### 5.14 **Other**

5.15.1 n/a

#### 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A

#### 7.0 **ACRONYMS**

7.1 BPI – Basic Performance Increase

7.2 CIPFA – Chartered Institute of Public Finance and Accountancy

7.3 DCLG – Department for Communities Local Government

7.4 DWP – Department for Work & Pensions

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 – Public 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:- [N/A](#)

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**Lead Contact Officer**

Name and Post: Alison Chubbock, Chief Accountant  
Telephone Number: 01362 656865  
Email: alison.chubbock@breckland.gov.uk

**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Mandatory & 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 (D2 to follow)
Appendix E	Reserves
Appendix F	Sensitivities
Appendix G	Capital Strategy
Appendix H	Capital Programme