

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
10 February 2015

Subject: REVENUE BUDGET 2015/16

All Wards
Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of the report is to present at a strategic level the revenue budget proposals for the next financial year 2015/16.
- 1.2 The summary estimates in this report are shown at Annex 'A' and present the 2013/14 Actual; 2014/15 Original; 2014/15 latest Approved and 2015/16 Estimate budget. Commentary on the budget proposal is also contained in Annex 'A'. Theme budgets are shown at Annex 'B'.

2.0 BUDGET 2015/16:

- 2.1 The original estimate for 2015/16 shows a net budget of £6,918,280. This is £544,870 less than the budget set in 2014/15 which was £7,463,150.
- 2.2 Considering the financial climate that the Council is currently operating in and the fact that Council Tax and all Fees and Charges will be frozen for another year this is a remarkable achievement. This is attributable to a number of sound strategic decisions made in the last 18 to 24 months including, a full corporate restructure, entering into the North Yorkshire Business Rate Pool and agreeing a significant loan to Broadacres Housing Association.

3.0 FINANCIAL STRATEGY:

- 3.1 The revenue budget estimate for 2015/16 is within the financial constraints of the Financial Strategy included previously on this Cabinet agenda.

4.0 RISK ASSESSMENT:

- 4.1 The key financial risks and associated implications for the Revenue Budget 2015/16 are detailed below, a score of high, medium or low has been given to the likelihood of each risk occurring and the impact of risk on the Financial Strategy should it occur:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
Under the Business Rate Retention scheme failure to meet the target for business rate collection set by Government represents a cost to the Council. Also, under this scheme the Government has transferred the risk of business rate no payment to the Council.	Loss of income	3	5	15	Monitor business growth and reduction through collection rates. Act as an enabler with partners on economic development initiatives

Risk	Implication	Prob*	Imp*	Total	Preventative action
A forecast low Bank Base Rate of 0.5% impacts on the Council's ability to generate investment income from balances.	Loss of income	5	3	15	Look for other investment opportunities
Broadacres Housing Association do not draw upon the offered loan in full in 2015/16.	Loss of Income	4	3	12	This would result in a timing difference in interest received and reserves would be used and then replaced at a later date to support the budget.

5.0 FINANCIAL IMPLICATIONS:

5.1 The financial implications are dealt with in the body of the report.

6.0 LEGAL IMPLICATIONS:

6.1 It is a legal requirement under the Local Government Finance Act 1992 to set a balance budget and monitor the financial position throughout the year.

7.0 EQUALITY/DIVERSITY ISSUES:

7.1 There are no specific equality implications to this report.

8.0 RECOMMENDATIONS:

8.1 It is recommended that Cabinet approves and recommends to Council the draft revenue budget for 2014/15.

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Background papers: Budget Setting papers 2015/16
Financial Strategy 2015/16

REVENUE BUDGET – DRAFT ESTIMATES 2015/16**1.0 DRAFT ESTIMATES 2014/15**

1.1 The table below details the revenue budget for 2015/16 at a strategic level.

	2014/15 Original £	2014/15 Latest £	2015/16 Estimate £
Customer and Leisure	1,087,120	1,394,530	1,618,760
Environmental and Planning Services	4,395,620	4,132,350	4,301,520
Support Services	1,890,820	1,609,460	888,170
Internal Drainage Boards	89,590	99,830	109,830
Net Budget	7,463,150	7,236,170	6,918,280

1.2 The budget has been prepared in accordance with the Council's priorities reflected in the Council Plan.

1.3 A detailed schedule of service's budgets that constitute the total budget in each theme is shown at Annex 'B'.

2.0 FINANCIAL STRATEGY:

2.1 The Council's latest Financial Strategy was presented previously at this Cabinet meeting. The revenue budget for 2015/16 is within the financial constraints set by the Financial Strategy.

2.2 A number of assumptions which underpin the Financial Strategy have been applied in setting the 2015/16 revenue budget, these include:-

- The revenue budget assumes that the Bank of England base will remain low at 0.5% throughout 2015/16, which will impact on the ability of the Council to generate investment income from balances;
- All fees & Charges have been frozen for 2015/16. This takes into consideration the nature of the services, the impact on commercial viability and local economic circumstances;
- A provision of 2.2% has been included for a pay award in 2015/16 in line with the national agreement;
- Contracts and Service Level Agreements have been increased by the appropriate rate of Consumer Price Index where applicable. Energy and vehicle fuel prices continue to be particularly volatile. Prudent provision has therefore been included for continued annual increases in charges for gas, electricity and vehicle fuel for 2015/16.

- Business Rate Retention Scheme enables the Council to keep a proportion of the business rates collected locally, providing an incentive for Councils to grow their local economy. For 2015/16 it is estimated that additional business rates will be retained of £300,000.

2.3 Within the Financial Strategy it is estimated that the Council will lose an additional 22% of its funding from Central Government over the 2 year period 2015/16 and 2016/17, equating to a 14% cut in 2015/16.

2.4 The Financial Strategy for 2015/16 assumes that the Council will accept the 1% Council Tax Freeze Grant offered by central Government and not increase Council Tax.

2.5 These factors have been taken into account to balance the revenue budget and limit the Council's reliance on the Council Tax-Payer Reserve. The assumptions in the Financial Strategy on the level of income generated by these streams are made on a prudent basis.

3.0 RESERVES AND BALANCES:

3.1 As the revenue budget has been set within the constraints of the Financial Strategy, the assumed level of revenue reserves and balances at 31 March 2016 remain consistent with the Financial Strategy.

3.2 A summary of anticipated revenue reserves and balances at 31 March 2016 is set out below:-

Reserve	Balance £
Council Tax-payers	4,530,083
Repairs and Renewals Fund	3,377,958
Computer Fund	1,283,000
Grants Fund	420,508
One-Off Fund	483,322
General Fund Working Balance	2,000,000
Economic Development Fund	4,500,000
TOTAL	16,594,871

3.3 This reserve position is reliant on the income streams detailed in paragraph 2.3.

4.0 FINANCIAL OUTLOOK:

4.1 Although the revenue budget 2015/16 and Financial Strategy represent a robust position, the Council is not immune to the significant economic and financial challenges facing the whole of the public sector in the UK.

4.2 The changes to the Local Government Finance Settlement and the impact of the Business Rate Retention Scheme has resulted in the forecast by the Local Government Association to indicate that the Council will see a reduction in its grant support from central Government of a further 48% by 2020.

4.3 These unprecedented reductions in Government grant support increase the Council's reliance on other revenue income streams such as:

- The Business Rate Retention Scheme providing an incentive for Council's to grow their own economy as 40% of additional business rate received is retained by the Council.
- The localised Council Tax Benefit Scheme increasing the number of people who are now required to pay Council Tax.
- Reviewing Fees and Charges across Council services.
- Investment increase and loan interest.

4.4 In addition to the reduction in grant funding, it is also necessary to consider the volatility of inflation, significant increases in energy prices, reduced investment interest rates and a slow down in house building which limits the Council's ability to generate New Homes Bonus Grant.

4.5 The shortfall in funding and increase in costs presents a very challenging financial outlook for the Council. The Council continues to ensure services are provided in a cost effective way enabling the Council to continue to preserve its front-line services for the community.

4.6 Due to the Council's significant revenue balances it is in a better financial position than most to deal with these financial challenges. However, to maintain this position efforts must be made in setting future budgets to, where possible, preserve these reserve levels and protect the Council's financial position.

Customer & Leisure Services

SUMMARY

2013/14 Actuals	Page Ref	Details	2014/15		2015/16 Estimate
			Original	Latest	
£			£	£	£
(12,117)	HCLS01	Customer Services	-	26,490	-
134,946	HCLS02	Community Development (HDC)	184,720	184,720	105,570
4,117	HCLS03	Community Development (Partnership)	-	-	70
69,443	HCLS04	CCTV	53,110	70,510	45,610
33,505	HCLS05	Community Safety (HDC)	40,660	40,660	27,300
5,247	HCLS06	Community Safety (Partnership)	3,520	3,520	1,630
35,938	HCLS07	Public Transport	31,940	31,940	17,550
(2,480)	HCLS08	Communications	-	(7,190)	-
(145,658)	HCLS09	Workspace Management	(87,310)	(119,050)	(64,200)
31,982	HCLS10	Business Grants	119,110	118,120	29,980
51,915	HCLS11	Environmental Grants & Initiatives	50,890	50,620	14,030
77,972	HCLS12	Business & Community	-	(2,450)	259,040
45,777	HCLS13	Grants & Subscriptions	27,490	37,490	36,260
26,823	HCLS15	Arts Development	27,820	27,640	32,500
35,392	HCLS16	Lifestyles	35,640	35,640	26,920
1,481	HCLS17	Hambleton Forum	6,360	6,360	5,560
134,301	HCLS18	Sports Development & Comm Rec	138,400	159,080	161,710
-	HCLS19	Sports Development & Comm Rec (Part)	-	-	-
162,862	HCLS20	Hambleton Leisure Centre	59,950	141,540	174,840
129,743	HCLS21	Stokesley Leisure Centre	20,300	150,490	217,260
230,239	HCLS22	Bedale Leisure Centre	175,560	205,150	255,280
100,667	HCLS23	Thirsk Swimming Pool	56,240	97,500	129,210
13,933	HCLS24	Thirsk All Weather Pitch	12,650	15,850	21,580
35,993	HCLS25	Galtres Centre	34,730	34,730	32,580
32,863	HCLS26	Open Spaces	41,830	41,830	37,680
(7,350)	HCLS27	Leisure Services	-	(15,700)	9,670
3,406	HCLS28	Facilities Unit	-	(1,260)	-
46,647	HCLS29	Emergency Planning	53,510	60,300	41,130
1,277,587		NET EXPENDITURE	1,087,120	1,394,530	1,618,760

Environmental & Planning Services

SUMMARY

2013/14 Actuals	Page Ref	Details	2014/15		2015/16 Estimate
			Original	Latest	
£			£	£	£
(924)	HEPS02	Information Management	-	(410)	-
125,919	HEPS03	Development Management	189,470	118,720	148,290
192,562	HEPS04	Planning Policy	193,630	180,980	178,270
3,010	HEPS05	Registered Social Landlords	3,090	3,090	3,040
(4,298)	HEPS06	Land Charges	(31,590)	(52,950)	(39,060)
(33,860)	HEPS07	Housing Services	-	(48,650)	-
99,341	HEPS08	Housing Strategy	109,910	104,910	111,640
47,801	HEPS09	Housing Standards	49,580	49,580	65,400
254,917	HEPS10	Homelessness	247,840	237,840	253,560
37,468	HEPS11	Private Sector Housing Renewal	38,220	38,220	17,980
47,074	HEPS12	Housing Advice	48,700	48,700	47,070
(11,981)	HEPS13	Operational Services	-	(52,820)	-
878,592	HEPS14	Street Cleansing	903,220	949,690	775,370
1,640,067	HEPS15	Waste Collection	1,675,020	1,584,160	1,714,300
276,020	HEPS16	Recycling	264,640	267,400	227,200
-	HEPS17	Environmental Health	-	-	-
127,753	HEPS18	Food Safety	155,100	155,100	136,870
(4,164)	HEPS19	Licensing	40,470	40,470	15,950
91,590	HEPS20	Pest Control	73,850	73,850	56,350
83,341	HEPS21	Public Health	104,830	104,830	208,090
38,337	HEPS22	Environmental Health Licensing	17,370	17,370	40,110
210,646	HEPS23	Pollution Reduction	225,590	225,590	260,410
62,255	HEPS24	Building Control Partnership	86,680	86,680	80,680
4,161,466		<u>NET EXPENDITURE</u>	4,395,620	4,132,350	4,301,520

Support Services

SUMMARY

2013/14 Actuals	Page Ref	Details	2014/15		2015/16 Estimate
			Original	Latest	
£			£	£	£
(2,480)	HSS01	Design & Maintenance	-	(2,690)	6,560
82,632	HSS03	Administrative Buildings	37,980	42,950	58,960
25,456	HSS04	Defences Against Flooding	11,710	11,710	9,290
5,223	HSS05	Cemeteries & Closed Churchyards	6,480	6,480	7,140
(246,291)	HSS06	Off Street Parking	(400,370)	(396,420)	(308,230)
247,775	HSS07	Footway Lighting	167,550	199,560	203,090
-	HSS08	Public Conveniences	-	-	-
(98,350)	HSS09	Market Undertakings	(96,220)	(70,710)	(81,810)
14,424	HSS10	Depots	9,180	9,180	4,870
-	HSS11	Payroll	-	-	-
2,498	HSS12	Visitor Centres	2,980	2,980	2,030
8,745	HSS13	World of James Herriot	5,300	5,300	2,250
(1,963)	HSS14	Business & Support	-	(520)	-
(310,719)	HSS15	Interest & Investment Interest	(255,190)	(448,770)	(1,148,940)
340,037	HSS16	Corporate Management	476,100	476,100	377,020
46,805	HSS17	Non Distributed Costs	30,150	30,150	29,320
(327,038)	HSS18	Corporate Management & Support	-	207,420	-
11,075	HSS19	Resources	-	(154,660)	(7,530)
594,695	HSS20	Housing Benefit	81,330	153,840	267,430
437,657	HSS21	Local Tax Collection	566,050	388,840	340,400
(103,519)	HSS22	Revenues & Benefits Services	-	(29,490)	-
1,157,390	HSS23	Democratic Services	1,011,770	1,023,010	911,270
(33,634)	HSS24	Committee Services	-	(36,160)	-
162,278	HSS25	Elections	134,810	134,560	181,460
-	HSS26	Personnel	-	(5,390)	-
(2,863)	HSS27	Legal Services	-	8,870	-
(3,301)	HSS28	Reprographics	-	(420)	-
(10,780)	HSS29	ICT Services	-	(47,470)	(55,500)
71,235	HSS30	Health & Safety at Work	101,210	101,210	89,090
2,066,987		NET EXPENDITURE	1,890,820	1,609,460	888,170