

Meeting: COUNCIL

Agenda Item:

Portfolio Area: Resources

5A

Date: 24 FEBRUARY 2016

FINAL 2016/2017 COUNCIL TAX SETTING AND GENERAL FUND BUDGET

REVISED SECTION 4.11

4.11 Projected General Fund Balances

4.11.1 The projected General Fund balances and council tax requirement are shown below.

	2015/16 Estimate	2015/16 Projected	2016/17 Estimate
Net Expenditure	10,401,200	9,850,550	9,130,150
Use of/ (Contribution to) Balances	(537,994)	(817,002)	1,437,060
Budget Requirement	10,939,194	10,667,552	7,693,090
Revenue Support Grant	(1,861,231)	(1,861,231)	(1,235,836)
Business Rates	(2,622,853)	(2,732,331)	(2,083,727)
Section 31 grants shown in core resources 2015/16	(381,120)	0	0
Return /Contribution to Collection Fund (NDR)	(1,179,888)	(1,179,888)	935,784
Collection Fund Surplus	(142,003)	(142,003)	(299,368)
Council Tax Requirement	4,752,099	4,752,099	5,009,943
Council Tax Base	25,207	25,207	25,889
Council Tax Band D	188.52	188.52	193.52
Council Tax Band C	167.57	167.57	172.02

4.11.2 Total available balances and reserves as at 31 March 2017 are estimated to be £5,470,262 after a contribution from balances of £1,437,060, as shown in the table below.

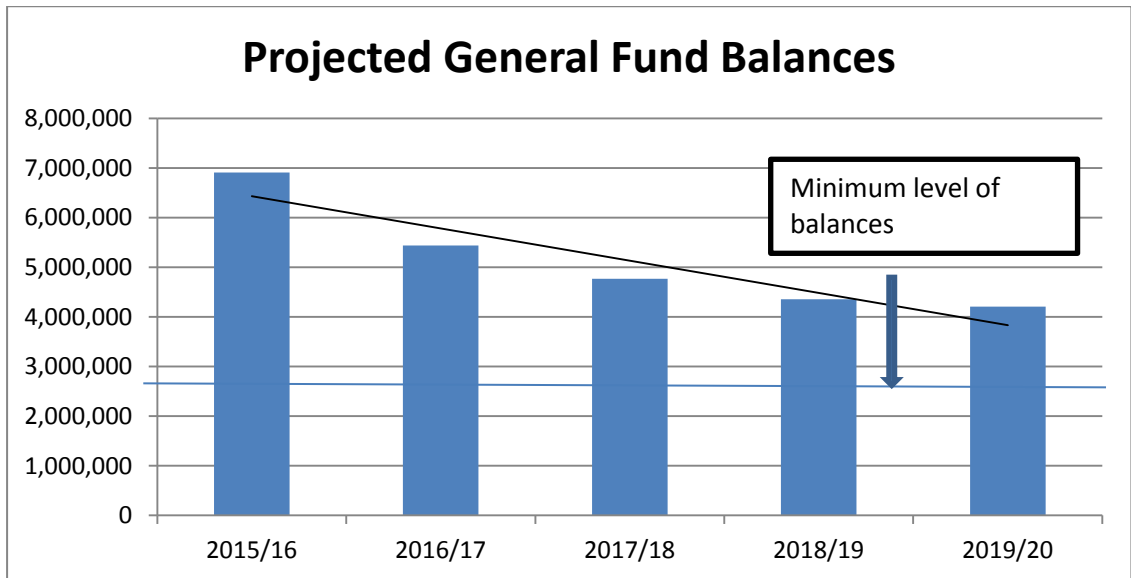
	2014/15 Actual £	2015/16 Original £	2015/16 Projected £	2016/17 Estimate £
GENERAL FUND BALANCE:				
BALANCE 1 APRIL	(4,816,814)	(6,090,320)	(6,090,320)	(6,907,322)
USE OF BALANCES IN YEAR	(1,273,506)	(537,994)	(817,002)	1,437,060

4.11.3 The Council aim is to set a balanced budget and although there have been contributions to balances in previous years there is a significant draw on balances for 2016/17. However £935,784 is attributable to NDR adjustments for previous years when General Fund surpluses were generated. Excluding the impact of prior year NDR adjustments there is an additional £501,276 draw on balances. A summary of the pressures and reductions in the 2016/17 budget, resulting in the draw on balances is shown in the table below.

Pressures on Revenue:	£	Reductions Proposed	£
Inflation	393,044	Council tax increases	(257,844)
Government tax changes	260,299	Return of council tax surpluses	(299,368)
NNDR changes	935,784	Fee increases	(201,440)
Grant loss	661,893	savings (incl prior year impacts)	(556,040)
Growth bids	60,160	NNDR (above the baseline amount)	(27,948)
Budget pressures reported qrt 1 &2	119,770		
other budget pressures	348,750		
Total	2,779,700	Total	(1,342,640)
Net Use of Balances			1,437,060

4.11.4 . When considering the level of draw on balances the following points need to be considered:

- The MTFs has identified future savings to be delivered of some £1.484Million to 2019/20.
- The profile of government funding cuts has not been smoothed equally over the four year settlement with 39% of cuts being taken in the first year.
- The level of General Fund balances is above the 2016/17 risk assessed General Fund minimum balances of £2,796,785. The minimum level being needed to meet unforeseen expenditure and/or income losses arising in the year. As shown in the chart below and for the MTFs period.



- The MTFS reported to the January Executive as part of the draft budget report identified a reducing draw on balances over the MTFS period to enable a measured approach to funding reductions through the 'Financial Security' priority.

4.11.7 In context of the MTFS, the 2015 revised MTFS principles to meet the General Funds 'financial Freedom' objective were:

- To remove the General Fund's reliance on RSG by 2019/20 by removing £418,000 reduction in RSG for the next four years; and
- To achieve an on-going balanced budget by 2021/22 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure.

The MTFS will be updated for the final 2016/17 budget and the four year financial settlement and the future years savings target will be adjusted accordingly to meet the MTFS principles if required.