

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

2 DECEMBER 2014

REPORT OF HEAD OF CENTRAL SERVICES

REVENUE BUDGET 2015-16 COMMITTEE ESTIMATES

1.0 PURPOSE OF REPORT

1.1 To inform members on the latest position of this committee's revenue budget estimates

2.0 RECOMMENDATIONS

2.1 **Members to note the latest position on this committee's revenue budget estimates and make comments which can be taken forward through the remainder of the budget setting process.**

3.0 KEY ISSUES

3.1 In early September 2014 budget holders were provided with budget working papers with the request that they forecast the estimated 2014/15 year end position and put together draft proposals for the 2015/16 budgets. Budget workshops were held for budget holders to provide guidance for the completion of the working papers in line with the budget framework. The working papers were completed by budget holders, in conjunction with the relevant Service Accountant and Head of Service, and returned to finance at the end of September.

3.2 In line with the Budget Framework, approved on 30 September 2014 at this committee, the following table summarises the key stages in the budget setting process:

Management Team Scrutiny of Budget Working Papers	13 October 2014
Budget and Strategic Planning Working Group meet to consider draft Medium Term Financial Strategy (MTFS) and budget submissions	12 November 2014
PFA Committee consider first draft of revenue estimates	2 December 2014
Strategic Planning Away Day (All Councillors)	15 January 2015
Full Council determines the budget	4 February 2015
Full Council sets Council Tax and approves the budget book and the MTFS	25 February 2015

3.3 The two appendices attached to this report provide a detailed summary of the overall Committee estimates. Appendix A provides a one line per service summary. Appendix B provides a more detailed analysis in the form of budget book pages. It should be noted that internal recharges have not yet been finalised and so are still included at current year values.

3.4 At the time of this report any amendments made by Management Team have been incorporated into this report.

3.5 The following table provides a summary of the appendices as detailed above, further detail on the significant variations are shown in sections 3.6 and 3.7 below:

Fund	2014/15 Original Budget	2014/15 Approved Budget at Period 4	2014/15 Estimated Year End Position	2015/16 Proposed Budget
	£	£	£	£
General Expenses	1,919,290	2,044,640	1,677,540	1,772,740
Special Expenses (MM)	8,000	8,000	14,200	19,800
Total	1,927,290	2,052,640	1,691,740	1,792,540

3.6 **Variances +/- £10,000 in 2014/15 Estimated Year End Position against Approved Budget**

Service	Variance	Detail
Phoenix House	(31,870)	Rental income from Me and My Learning (offset by increased cost on Me and My Learning budget)
Land Charges	(11,290)	Increase in search fee income
Me and My Learning	30,200	Rent for Phoenix House (offset by increased income on Phoenix House budget)
Corporate Costs Finance	(10,440)	Lower than anticipated external audit fees due to procurement exercise by Audit Commission
NNDR	(318,540)	Section 31 grant received for the Business Rates Retention Scheme offset by adjustment to business rates income accounted for outside of the net cost of services
Miscellaneous Financing Items	(55,110)	Anticipated underspend on the inflation contingency budget as only £45k of the £100k allocated will be required to fund the pay award.
Communications	27,750	Impact of job re-evaluation and refinements to salary estimates following restructure in 2014/15
Communities	(15,550)	Additional grants (New Burdens and Flexible Support Funding)

3.7 **Variances +/- £10,000 in 2015/16 proposed budget against 2014/15 estimated year end position**

Service	Variance	Detail
Phoenix House	(16,130)	To bring utilities and cleaning charges into line with expectations. There is also a reduction in the depreciation charge which is offset below the line
Land Charges	(21,620)	Increase in search fee income
Elections	41,500	Cost of borough election in 2015
Corporate Costs Finance	(24,560)	Lower than anticipated external audit fees due to procurement exercise by Audit Commission
Non Distributed Costs	(16,600)	Reduced number of pension make-ups (only one remaining)
Miscellaneous Financing Items	27,340	Inflation contingency £100k offset by transformation Savings £27k (balance of £75k, £40k in Customer Services, £8k in IT)
Central Services	85,920	Changes to the property structure, offset by repairs and maintenance savings, year-end support for the closing of accounts, additional support for upgraded financials and additional depreciation charge of £50k which is offset below the line
IT	(45,040)	Cost of delegated services year 3 and £8k transformation savings

Communications	18,210	Increase in software maintenance and transfer of health and safety budget from Regulatory Services
Communities	67,940	Assumed LCC Neighbourhood Management funding will not be received

3.8 One growth item relating to a NNDR forecasting tool has been put forward to support NNDR forecasting and its links with budget and MTFs, £7,500 per year ongoing.

3.9 **Next steps**

The above tables reflect any revisions made as part of the Management Team budget scrutiny on 13th October. As stated in the timetable in 3.2 this committee will consider the first draft of revenue estimates on this agenda, this is followed by the calculation of internal recharges and the Strategic Planning Away Day on 15th January 2015.

4.0 **POLICY AND CORPORATE IMPLICATIONS**

4.1 Each relevant service plan shows the links and aims between service delivery and corporate priorities. The estimates have been prepared on this basis.

5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 All financial and resource implications have been addressed in section 3 above.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 The legal implications of service growth, if applicable, will need to be assessed when and if such growth items are being considered.

7.0 **COMMUNITY SAFETY**

7.1 Community Safety is a key priority of the Council and the budget proposals need to take account of the requirements to support that strategy.

8.0 **EQUALITIES**

8.1 There are no direct links to Equalities, though some elements of the budget proposals will relate to Equalities issues. Any savings proposals will need to have equality impact assessments completed as appropriate by the service lead.

9.0 **RISKS**

9.1 There is always the risk that an item of income or expenditure is not adequately reflected in the budget for any financial year; this will be higher in some areas for the 2015/16 financial year due to the economy as well as any initiatives/policy changes arising from the government.

9.2 Further risks identified for this committee's services are as follows:

↓
Probability

Very High A				
High B				
Significant C				
Low D		1,2	3,4	
Very Low E				
Almost Impossible F				
	IV Negligible	III Marginal	II Critical	I Catastrophic

→
Impact

Risk No.	Description
1	Parkside Income
2	Phoenix House Income
3	Achievement of transformation Savings
4	Award of Grant for continuance of Me and My Learning

10.0 **CLIMATE CHANGE**

10.1 Climate change and our response to this could impact on a number of budgets and this should be considered as part of the service planning process.

11.0 **CONSULTATION**

11.1 The Service and Financial Planning timetable sets out the Council's approach to consultation and its links to the budget setting process. In addition, all Heads of Service and Members are involved in the process at various stages.

11.2 To this stage, Budget Holders have carried out the budget setting process with the assistance of the Service Accountant as required with reference to current budget protocols

11.3 This committee have approved consultation with the public over priorities and the budget and the results will be reported to Full Council to consider as part of the budget setting process.

12.0 **WARDS AFFECTED**

12.1 All wards affected

Contact Officer: Claire Burgess
 Date: 12th November 2014
 Appendices: Appendix A – Committee Summary of Estimates
 Appendix B – Committee Budget Book Pages
 Background Papers: Budget Working Papers
 Oracle Financials
 Reference: X: C'ttee, Council & Sub-C'ttees /PFA/2014-15/02-12-14/DG – Revenue Budget
 2015-16 Estimates