

2015/16 Budget Overview 13th January 2015

Total Budget Requirement

The proposed General Fund Revenue Account net budget requirement for 2015/16 is **£9.761m**. The comparable net budget requirement for 2014/15 was **£9.674m**.

Whilst the overall budget figure has not moved significantly from year to year the net total expenditure has increased by **£204k** from **£10.4m** in 2014/15 to **£10.6m** in 2015/16.

This is to be expected given:

- The increase in establishment costs for the pay award and increased pension costs are in excess of **£255k**.
- Income from recycling credits has reduced by approx. **£170k**

Funding the Budget

Sources of funding for the proposed 2015/16 budget requirement of £9.761m are as follows :-

Formula Grant	£3.583m (Rev. Supp Grant & Redist. NNDR)
Collection Fund Surplus	£0.011m
New Homes Bonus Grant	£1.433m
Precept – Council Tax	£4.351m
Total Funding	£9.378m excludes any freeze grant for 2015/16

Budget Gap

You will note from the above that there is currently a gap between the budget requirement and the funding window of **£383k**.

The following scenarios illustrate options open to the Council to close some of this gap:

1. **Release of Business Rate Growth Income £200k**

Up to now the Council has released no additional income from growth in business rates. This decision was taken whilst the impact of appeals and the accounting treatment of the Localisation of Business Rates was fully understood. You will see from the Q3 Budget Review Report being presented to Cabinet on 19th January that a significant provision has built up from the outcome of the Business Rate growth. Whilst some of this provision will be utilised to account for the impact of valuation appeals which have reduced the growth, it seems reasonable to recognise some of this provision within the revenue budget going forward.

2. **Removal of New Homes Bonus Distributed to Parish Councils £69k**

Currently Blaby District Council distributes 20% of the first year of New Homes Bonus (NHB) to those parishes where growth has occurred to generate the NHB. The average contribution to each Parish is approx. £5,000 with the lowest contribution being £180 up to £18,000.

As part of the budget preparation for both this and the previous year Parishes have been notified via the Parish liaison meetings that this contribution may be removed by the Council.

NB. It is proposed that the Council Tax Support grant continues to be passed over to the Parishes. The Council isn't obliged to do this although there is growing pressure for Council's to recognise that this grant was originally highlighted as the Parish element of the grant.

3. **Council Tax Increase or take advantage of the Freeze Grant**

If the Council chooses not to increase Council Tax a freeze grant of **£44k** will be received. After 15/16 there is no certainty that this freeze grant will be included within the baseline funding in future years.

The referendum limits remain at 2% and therefore a 1.99% increase would fall below the referendum limit. This would generate income of **£87k** which would remain within the funding baseline going forward.

An increase of 1.99% would equate to a £2.80 increase per annum to £143.32 for a Band D equivalent for Blaby's part of the Council Tax charge.

The table below illustrates the impact that each option has on the funding gap and the effect of a number of options combined.

	£	£	£	£
Funding Gap	383,014	383,014	383,014	383,014
Business Rate Growth	(200,000)	(200,000)	(200,000)	(200,000)
Parish NHB Removed			(69,096)	(69,096)
CT Freeze Grant	(43,508)		(43,508)	
CT Increase of 1.99%		(86,579)		(86,579)
Remaining GAP	139,506	96,435	70,410	27,339

Contributions from Reserves

Contributions from General Reserve Fund	£400,000	(Increased by £200k)
Contribution from Residual Cost Reserve	£0	(£100k released in 2014/15)
Contribution from Earmarked Reserves	£ 446,592	(See Schedule)

Note: Since the Local Authority Mortgage Scheme (LAMS) scheme was launched any interest earned, a sum of approx. £70k per annum, has been placed in a reserve to provide for any defaults. No defaults have as yet occurred and a reserve of £230k is expected to have built up by the 31st March 2015. No further contributions to this reserve will be made in 2015/16 but instead the income will be recognised as additional interest income.

A table of reserves is provided separately which sets out overall position on reserves and balances.

New Homes Bonus

The Council has continued to improve its performance in terms of generating New Homes Bonus. Since 2013/14 the New Homes Bonus has been used to underpin the budget requirement as government funding is reducing. In 2015/16 an amount of **£1,314k** is being utilised to fund services. This does not include the £69k that may continue to be distributed to Parishes.

General Assumptions within Budget Requirement

- The recent pay award that has been nationally agreed was an increase that related to both 2014/15 and for the full year of 2015/16. There is therefore certainty that the establishment costs included in the budget fully reflect the agreed pay award for all staff apart from those within senior positions. There is currently a proposal for a 2% pay award to Senior Officers (excluding the Chief Executive) an increase of 2% has therefore been allowed for in the budget.
- Pension Contributions are based on 17.1% plus a cash contribution. The cash contribution has increased by £78k.
- Planning appeals are not included within budget requirement but expenditure will be funded from balances if it occurs.
- Portfolio figures are shown before any recharges from department to department in order that the spending service is scrutinised rather than the method of apportionment across departments.
- Capital expenditure is as per the draft previously presented to Scrutiny Finance Working Group – copy attached for information

Fees and Charges

All fees and charges have been individually reviewed by the service to which they apply and have been uplifted where possible. It is important to note that many charges are statutory fees and can not be altered.

Those charges of note that have been increased or introduced relate to:

- Charges made for the collection of trade waste
- Introduction of charges to recover the costs of replacement of missing or damaged bins.

Any significant changes will be discussed within the individual service portfolio reviews.

Financial Budget Summary

	Approved 2014/15 £	Revised 2014/15 £	Base 2015/16 £
<u>Net Direct Expenditure by Portfolio</u>			
Community Services	983,995	931,627	1,109,825
Finance, Efficiency & Assets	2,000,171	1,904,416	1,952,442
Health Improvement & Leisure Services	85,324	142,734	63,069
Leader	1,348,015	1,378,928	1,391,843
Neighbourhood & Environmental Health Services	2,098,012	1,972,437	2,145,396
Partnerships & Corporate Services	2,151,456	2,124,817	2,174,645
Planning, Economic Development & Housing Strategy	869,866	840,775	842,647
	<hr/> 9,536,839	<hr/> 9,295,734	<hr/> 9,679,867
Revenue Contributions towards Capital Expenditure	0	908,872	0
Minimum Revenue Provision	598,037	571,336	668,639
Council Tax Support Grant paid to Parish Councils	203,804	203,804	203,804
Appropriations & Accounting Adjustments	64,558	223,162	55,113
	<hr/> 10,403,238	<hr/> 11,202,908	<hr/> 10,607,423
Contribution to/(from) General Reserve Fund	(200,000)	(715,736)	(400,000)
Contribution to/(from) Residual Costs Reserve	(100,000)	(100,000)	0
Contribution to/(from) New Homes Bonus Reserve	0	(352,707)	0
Contribution to/(from) other Earmarked Reserves	(333,927)	(708,736)	(446,592)
Contribution to/(from) General Fund Balances	(95,325)	348,257	0
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Net Budget	9,673,986	9,673,986	9,760,831
<u>Funding Envelope:</u>			
Redistributed National Non Domestic Rates	(1,986,255)	(1,986,255)	(2,024,209)
Revenue Support Grant	(2,222,492)	(2,222,492)	(1,558,579)
Council Tax Freeze Grant 2013/14	(44,350)	(44,350)	0
New Homes Bonus Grant	(1,093,657)	(1,093,657)	(1,432,940)
Council Tax (Surplus)/Deficit	(96,903)	(96,903)	(11,319)
Demand on Council Tax	(4,230,329)	(4,230,329)	(4,350,770)
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Total Funding Envelope	(9,673,986)	(9,673,986)	(9,377,817)
Funding Gap 2015/16			383,014