

Policy Group – 20 September 2017

Revenue budget strategy 2018/19

1. Purpose of report

To seek Policy Group support for the budget assumptions and timetable being used as the basis for the preparation of 2018/19 draft budget.

2. Key issues

- 2.1 To provide certainty around the preparation of the 2018/19 draft budget Policy Group is asked to consider the Budget Strategy. The Strategy is a list of initial assumptions, attached as **Appendix 1**, which will be used in the preparation of the draft budget. A timetable for Management Team and Councillor engagement is attached as **Appendix 2**.
- 2.2 The approved Financial Strategy identifies that savings of £330,000 need to be made in 2018/19. It also assumes the use of £100,000 from reserves to reduce the savings target to £230,000, however, use of reserves will be avoided wherever possible and so the savings target remains at £330,000.
- 2.3 A review of the council tax position at the end of 2016/17 has enabled the receipts to be increased by £52,000, which has reduced the gross target to £278,000. MT is currently working on plans to close this gap.
- 2.4 The initial budget assumptions will be updated in the light of any new information that becomes available.
- 2.5 Policy Group is asked to agree that a report is submitted to Council for endorsement of the initial budget assumptions and timetable.

3. Recommendation

That a report be submitted to Council for endorsement of the Budget Strategy and proposed timetable to be used as the basis for preparing the 2018/19 draft revenue budget.

4. Policy issues

4.1 How will this affect the environment, social issues and the local economy?

There is no direct impact.

4.2 Implications

4.2.1 Resources

The Council's Corporate Strategy for 2016 to 2021 is the long term plan that sets out the Council's objectives.

In order to achieve the objectives in the Corporate Strategy financial planning is essential. The approved Financial Strategy 2017 to 2022 sets out the financial planning framework for the Council. The strategy forecasts the Council's financial position including the revenue budget over the next five years and identifies the savings targets that are needed if the funding cuts continue as indicated by the Government.

The Financial Strategy identifies the savings target for 2018/19 as £330,000. In order to smooth the identified annual savings targets over the next five years, the Strategy also assumes that reserves of £100,000 would be used to bring the 2018/19 target down to £230,000. In practice, the reserves will only be used if the budget cannot be balanced and so the savings target officers are working to remain at £330,000.

4.2.2 Equalities

None at present. Equality impact assessments will be undertaken where the draft budget directly impacts on the current provision services.

5. Further information

Background

5.1 Financial Strategy assumptions

- Revenue Support Grant will be removed; a cut of £120,000.
- The Council remains on the business rates safety net.
- Council tax is increased by £5.
- New Homes Bonus will reduce by £150,000, due to the reduction in the number of years from six to four and the introduction of a 0.4% threshold.

5.2 Response to closing the budget gap

5.2.1 Management Team is already considering options to close the identified gap of £330,000. This has been reduced by £52,000 to distribute an increase in council tax receipts from 2016/17, which has reduced the target to £278,000.

5.2.2 General Managers are working with finance officers and their senior managers and budget holders to review the 2018/19 budgets based on the initial assumptions set out in Appendix 1.

5.2.3 As a rule inflation will not be applied to any budget unless there is a contractual commitment to do so.

5.2.4 The budget assumptions indicate an overall increase in income from fees and charges of 2%, this is intended to be a combination of price and/or volume increases. Where the Council is operating in a competitive market, e.g. Purbeck Sports Centre, the charges will also take account of market forces to ensure that the services are competitive. Wherever possible, services that benefit individuals, including individual organisations, are financed by fees and charges.

5.2.5 As in previous years the 2018/19 budget will include an unallocated saving target.

5.3 Budget Timetable

- 5.3.1 Work on the preparation of the draft revenue budget for 2018/19 is underway. Attached as Appendix 2 is a budget timetable showing the proposed engagement with Management Team and Councillors to arrive at Council approving the 2018/19 budget and council tax in February 2018.

Appendices:

- 1 - Schedule of initial assumptions being used in the preparation of the draft budget**
- 2 - Draft budget timetable for Management Team and Councillor engagement**

Background papers:

- Financial Strategy

For further information contact:-

Sue Joyce, General Manager Resources

Assumptions	Estimate 2018/19	Forecast 2019/2020	Forecast 2020/2021
<u>Expenditure</u>			
Employee costs	1.00%	1.50%	1.50%
Pension - employers contribution	15.80%	15.80%	15.80%
RPI	2.00%	2.00%	2.00%
CPI	2.00%	2.00%	2.00%
NNDR	2.00%	2.00%	2.00%
Councillors' basic allowance (linked to staff pay awards)	1.00%	1.50%	1.50%
<u>Partnerships</u>			
Waste Partnership	1.50%	1.50%	1.50%
Revenues & Benefits	1.00%	1.50%	1.50%
Tree Management	1.00%	1.50%	1.50%
<u>Income</u>			
Fees and charges	2.00%	2.00%	2.00%
Council tax	£5	£5	2.00%

Budget timetable 2018/19

Date	Engagement	Purpose
20/09/17	Policy Group	Consideration of budget strategy including the timetable and assumptions to be used for the 2018/19 budget.
04/10/17	Management Team	Review capital bid forms, capital programme and proposed fees and charges.
10/10/17	Council	Approval of budget strategy.
18/10/17	Policy Group	Consideration of capital bid forms, capital programme and proposed fees and charges.
01/11/17	Management Team	Consideration of draft revenue budget.
14/11/17	Council	Approval of proposed Tourism website and Sports Centre fees and charges.
31/01/18	Policy Group	Consideration of draft revenue budget and recommendation to Council for approval.
20/02/18	Council	Approve 2017/18 revenue budget and set council tax.