

Management Committee

20 September 2016

Budget Update

For Decision

Brief Holder

Cllr Jeff Cant – Finance & Assets

Senior Leadership Team Contact:

J Vaughan, Strategic Director

Report Author: J Vaughan, Strategic Director

Statutory Authority

Local Government Acts 1972, 1988, 1992 and 2003

Purpose of Report

- 1 To provide an update on balancing the 2017/18 Budget.

Officer Recommendations

- 2 That the budget options requiring member approval set out in Appendix 1 are included within the 2017/18 budget proposals.
- 3 That the updated position on Reserves as set out in appendix 4 is approved.
- 4 That the Council accepts the governments offer of a '4 year' financial settlement and that the Section 151 officer submits the required efficiency plan.

Reason for Decision

- 3 To enable the Council to balance the 2017/18 budget.

Background and Reason Decision Needed

- 4 The Budget report in February set out the financial forecast for the next 3 financial years with estimated budget gaps of £1.808m in 2017/18, £1.218m in 2018/19 and £1.105m in 2019/20. The forecast will continue to be refined and updated as further information becomes available. For example the results of the governments consultation on changes to the New Homes Bonus scheme, the savings from Dorset Waste Partnership and inflation forecasts. A key element of the budget has always been the funding received from the Government through the Revenue Support Grant. As part of the 2016 Finance Settlement the government has

provided details of funding up to 2019/20. The figures for each year are set out in the table below and there is an offer to local government to provide certainty by accepting this 4 year settlement. If the Council does not opt to accept the 4 year settlement then the funding is likely to reduce further.

	Amount for the year	Reduction from previous year
2016/17	£990,600	£985,900
2017/18	£742,382	£248,218
2018/19	£0	£742,382
2019/20	(£486,487)	£486,487

5 The financial strategy has been to focus upon the medium term rather than looking at one financial year in isolation. The current work on potential changes to local government in Dorset would take effect from 2019 and would mean that the Council would no longer exist after this date. Given this uncertainty about the future of the Council, the focus has therefore been on balancing the 2017/18 budget.

6 Officers have been working on budget options that will increase income and reduce expenditure in order to balance the budget. Appendix 1 sets out budget options that require member decisions and it is recommended that these are included within the budget proposals at this stage. There are also a number of budget options that do not impact upon service delivery and these are set out in Appendix 2. Appendix 3 provides details of options that have previously been approved and can now be included within the 2017/18 budget proposals. The 2017/18 budget proposals will now be subject to the required consultation and scrutiny with the feedback from this and the updated financial forecast being reported in December prior to the final budget being agreed in February 2017.

7 Taking into account the above the current position is as follows:-

Budget Gap	£1,808,000
Options to be approved by members	(£366,000)
Management options	(£682,000)
Already approved	<u>(£569,000)</u>
Remaining Gap	<u>£191,000</u>

8 As part of the budget setting process, the potential equalities implications of each budget option are being considered. Where appropriate, this will include consulting with key stakeholders and others to determine any potential equalities impacts and how these may be mitigated. Where there are any potential implications for staff, these will be considered through the application of the Partnership's Change Management Policy and Procedure. The Initial EIA shows that there are no potential equalities implications arising from the budget options contained within this report. However, throughout the budget setting process, this will be monitored and an updated EIA will be presented to Committee in December.

- 9 Further work on refining and updating the estimates is being undertaken and the updated position will be reported to the Committee in December. We are waiting for the outcome of the government's consultation on changes to the New Homes Bonus scheme which will impact upon the figures.
- 10 As part of budget process the number and levels of Reserves has been reviewed with Appendix 4 setting out the updated position.

Implications

Corporate Plan

The budget allocates the financial resources of the councils and therefore directly impacts upon the delivery of the corporate plan.

Financial

As set out in the report.

Equalities

As set out in the report.

Environmental

None directly from this report.

Economic Development

None directly from this report.

Risk Management (including Health & Safety)

The budget process should ensure that the 2017/18 budget estimates are robust. The council has general reserves to cover any unforeseen circumstances and the level of the reserves is assessed using a risk based methodology.

Human Resources

None directly from this report.

Consultation and Engagement

There have been member and staff briefings on the budget and further ones have been set up. The budget proposals will be subject to review by Scrutiny. Some budget options have / will require consultation.

Appendices

Appendix 1 – Budget options requiring member approval

Appendix 2 – Budget options requiring management approval

Appendix 3 – Budget options already approved

Appendix 4 – Reserves

Background Papers

Budget Report February 2016

Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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