

Report of:	Head of Finance
Contact Officer:	Bob Kean
Telephone No:	01543 464334
Portfolio Leader:	Leader of the Council
Key Decision:	No
Report Track:	Cabinet: 10/12/15

CABINET
10 DECEMBER 2015
FINANCIAL PLAN 2015-16 – 2018-19

1 Purpose of Report

- 1.1 The purpose of this report is to present an updated financial forecast for the Council for the next three years together with a forecast outturn for 2015-16.

2 Proposal of Cabinet Member

2.1 That:

- (a) the Financial Plan 2015-16 - 2018-19 be noted;
- (b) the forecast outturn for 2015-16 be approved ;
- (c) the General Fund working balance be determined as part of the Risk Analysis undertaken in finalising the preparation of the 2016-17 budget
- (d) the draft Capital Programme 2015-16 – 2018-19 and resources available be noted;
- (e) the principles set out in the Council's Financial Plan be adopted in finalising the preparation of the 2016-17 budget.
- (f) The level of Council tax for 2016-17 to be determined following the outcome of the Spending Review and settlement determinations; the level of Council Tax Compensation available and preparation of the detailed budgets for 2016-17 to 2018-19.
- (g) an updated Financial Plan be provided once details of the 2015 Spending Review and changes to Local Government Funding Regime become known.

3 Key Issues and Reasons for Recommendation

- 3.1 The report sets out the Council's forecast financial position for the next three years incorporating anticipated spending pressures and savings already identified. Financial resources available to the Council over the three year period are also set out. The Financial Plan reflects the Governments current Funding Regime.
- 3.2 The Financial Plan presents a balanced budget for 2016-17 and 2017-18 however a great deal of uncertainty exists in relation to the level of government funding available over the next three years.
- 3.3 The Financial Plan represents only an interim statement since details of the actual Governments financial settlement for 2016-17, arising from the 2015 Spending Review , will not be known until mid to late December. In addition, the Chancellor of the Exchequer announced on the 5 October , and confirmed in the Spending Review, a fundamental change in the way in which Local Government is funded with 100% of Business Rates to be retained within the Local Government sector by 2019-20.
- 3.4 The Financial Plan therefore represents a refresh of the assumptions as contained in the Approved Financial Plan (Council 11 February 2015) taking into account the outturn for the last financial year and the first six months of the current financial year.
- 3.5 The details of the new regime and its implementation timetable are fundamental cornerstones for the validating of current assumptions and development of the Medium Term Financial Plan for the Authority. A preliminary analysis of the Spending Review and its implications for the Financial Plan are contained within the report however there is a lack of detail at this stage to effectively update the Financial Plan. Subject to further details becoming available a separate update report will be tabled at Cabinet's December meeting .
- 3.6 An updated Financial Plan will be provided once details of the 2015 Spending Review and changes to Local Government Funding Regime become known.

4 Relationship to Corporate Priorities

- 4.1 The revenue budget and capital programme reflect the Council's priorities.

5 Report Detail**5.1 Background**

- 5.1.1 The Financial Plan sets the framework for the determination and setting of the budgets for Revenue and Capital and ultimately arriving at the level of Council Tax to be set for the next Financial Year.
- 5.1.2 The Financial Plan for 2016-17 to 2018-19 is somewhat different from previous years in the sense that:-
- No indicative settlement exists for 2016-17(and hence subsequent years)
 - The Chancellor has recently announced a fundamental change in the way in which Local Government is funded with 100% of Business Rates to be retained within the Local Government sector by 2019-20.
 - The Governments Spending Review of 1 the 25 November 2015 outlined further changes to local government however insufficient detail exists to determine the impact for this council .
- 5.1.3 Further details , including relevant consultation documents, are expected to form part of the Local Government Settlement however this is not expected to be announced to mid to late December. Any material changes will be subject to the necessary consultation and it is very unlikely that the scheme will start to be implemented until 2017-18 at the earliest.
- 5.1.4 The Financial Plan is therefore an interim one as such which refreshes the assumptions as contained in the Approved Financial Plan (Council 11 February 2015) and reflecting the current Financial Regime of Local Government funding.

5.2 The Current Approved Financial Plan

- 5.2.1 Council adopted its current Financial Plan at its meeting on 11 February 2015. The recommendation from Cabinet, as adopted by Council, set the revenue and capital budget for 2015-16, together with indicative budgets for 2016-17 and 2017-18. The Financial Plan now requires the forecast financial position to be determined for 2018-19.
- 5.2.2 The annual budget setting process now sets details budgets, based upon the Councils' approved budget strategy, for each of the three years of the Financial Plan period, with a balanced budget set in February 2015 covering the period to 2017-18 as shown in Table 1.

	2015-16 £'000	2016-17 £'000	2017-18 £'000
Net Expenditure	12,702	12,769	13,085
Funding Resources	(12,851)	(12,773)	(12,674)
Surplus	(149)	(4)	
Deficit			411

5.3 **2016-17 to 2018-19 Financial Plan - Revenue**

5.3.1 In refreshing the current Financial Plan account has been made to changes in the provision for inflation; cost pressures together with additional income generated.

Management Restructure

5.3.2 A review of the Senior Management Structure of the Council was undertaken by the Managing Director following his appointment in February 2015 and was approved by Council at its meeting of 25 February 2015. The revised structure provided annual savings of £135,000 per annum to the general Fund with further savings attributable to the HRA.

Inflation

5.3.3 No material changes have been made to the inflation assumptions as contained in the current Financial Plan in relation to Portfolio Net Spending. Savings have however occurred in relation to the Management Fee for Leisure Services with the January 2015 CPI rate being lower than anticipated. The Summer Budget extended the 1% cap on public sector workforces for 4 years from 2016-17 and this is in line with existing pay award assumptions. Adjustments have however been made to Business Rates Income with the NNDR multiplier now anticipated to be set at 0.78% (September CPI) as compared with the 2% assumed as part of last years plan

Spending Pressures

5.3.4 The detailed budgets have been refreshed to reflect the outturn for 2014-15 and latest spending patterns. Provision of £25,000 has been made in relation to membership of the Combined Authority as approved by Council on the 12 October 2015. No additional, material, cost pressures have been identified to date.

5.3.5 The 2018-19 budget makes provision for Employer Contributions to increase by a further 2% as a result of the next triennial Actuarial Valuation of the Pension Fund; the Management fee profile for the Leisure Management Contract; District Elections and additional costs of demographic growth.

5.3.6 Cabinet at its meeting on the 12 November 2015 approved the new contracts for the Waste Collection and Treatment of Organic Waste. The contracts relate to an initial period of April 2016 to 31 March 2023 and

provide savings of £150,810 increasing to £308,240 in a full year. The contract will be subject to annual inflation in accordance with the CPI index and hence the saving in 2017-18 may vary. The 2016-17 and 2017-18 budgets assume additional savings from the maintenance of recycling credits at their current level, however green waste credits are subject to detailed review in advance of the 2018-19 budget. A post implementation review of Contract Management Requirements and a review of the Use of Depot arrangements following withdrawal of the Waste Collection Vehicles (current recharges have been maintained within the waste and recycling account in determining savings) could provide further savings.

Income Pressures

- 5.3.7 The economic climate continues to affect the Council's main income streams. Income for the first six months is however only marginally 0.6% below target. Income from Building Control shows a positive variation of £36,610 whereas Development Control is £53,910 down on target. The latter is the major concern, and although last year saw a material surplus as compared to budget, the underlying trend shows a shortfall of £150,000 to £200,000. The Budget for Planning Fees was reduced last year by £100,000 as an interim measure and it appears a further reduction of £60,000 will now be required. A comprehensive review of the Development Control service is now required and an optional appraisal produced.
- 5.3.8 In relation to future years, with the exception of Planning Fees and Land Charges, no changes have been made to income estimates. Any ongoing down turn in income for Planning Fees will require compensating savings to be identified; whereas revised regulations for Land Charges limits the amount of charges that can be recovered for the service resulting in a potential reduction in income of £25,000 per annum. In addition responsibility for certain aspects of Local Land Charges is anticipated to transfer to the Land Registry although the date of transfer for the West Midlands Region is currently unknown.

Available Revenue Resources

- 5.3.9 The Council's revenue budget covers day to day spending on the services provided by the Council. It is currently financed from the following sources:
- Central government grant called Revenue Support Grant (RSG);
 - Business Rates Retention Scheme
 - New Homes Bonus Grant
 - Council Tax income; and
 - Use of reserves - both general and earmarked.
- 5.3.10 No material changes have been made to the Resources Forecast as approved by Council in February with the exception of Business Rates Retention.

- 5.3.11 A large number of appeals are still outstanding in relation to Business Rates and provision was made in the 2014-15 final accounts for back dated costs covering 2010-11 to 2014-15 and this will result in a reduction in the provision required in future years. This has been reflected in the 2015-16 outturn figure. Variations do occur between years reflecting changes to the assumptions in relation to changes in Rateable Values over the period and although overall income is in line with the 2015-16 to 2016-17 a more pessimistic outlook exists in relation to 2017-18 onwards.
- 5.3.12 The resources forecast includes retention of Business Rates Income from the Greater Birmingham and Solihull Business Rates Pool in accordance with the existing distribution methodology whereby the generating authority will retain 32.5% of the levy that it pays into the pool .The agreement is for an initial three year period ending 2016-17, and although the advantages of Business Rates Pools may disappear (by 2019-20) , under revised local Government Finance funding, the Financial Plan assumes that the pool will remain and a retained pool levy will apply until the new Business Rate arrangements are in place.
- 5.3.13 In relation to Central Government Grant (RSG & Business Rates Baseline) no changes have been made to the assumptions and figures approved in February of this year. The outcome of the Governments Spending Review is discussed later in the document but insufficient detail exists at present to reflect in the Financial Plan. The actual settlement for each authority is unlikely to be known until mid/late December. The Formula Grant figures included in the Financial Plan include our best estimates for 2016-17 to 2018-19 based on the assumption that the Revenue Support Grant element will effectively disappear in 2019-20.

Council Tax

- 5.3.14 The Financial Plan currently reflects the assumption as contained in the Budget approved by Council in February that Council Tax will increase by 1.95% per annum..
- 5.3.15 A key factor in the 2016-17 budget and subsequent budgets will be the level of Council Tax increases levied. The level of Council Tax is financially determined by the Medium Term Financial Plan; the Council Tax referendum thresholds and the Compensation Grant for Freezing Council Tax provided by the Government. The details of the latter two issues will not be available until late November/December but the 2015/16 settlement included a 2% referendum threshold and just in excess of a 1% compensation grant. No indications have been given whether these will similarly apply to 2016-17 and future years, with in particular no reference being made yet to a compensation grant.

Forecast Budget Surplus

- 5.3.16 Council at its meeting of the 11 February set a Balanced Budget for 2015-16 and proposals that ensured an indicative balanced budget for 2016-17 and 2017-18. The updated position is shown in **APPENDIX 1** with a forecast surplus in each of the years as shown in Line 19 of the Appendix.

5.3.17 A comparison of the previous position as at the 11 February 2015 together with the latest Financial Plan is shown in the Table below. An analysis of the changes to date is detailed in **APPENDIX 2**

Table2 Forecast Surplus as per 10 December Financial Plan				
	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Budget (Surplus)/ Deficit- Council – 11 Feb	(149)	(4)	411	
Changes to date	(122)	(348)	(681)	490
Financial Plan – (Surplus)	(271)	(352)	(270)	
Deficit				490

Detailed Revenue Budget 2016-17

5.3.18 In refreshing the current budgets and compiling the 2018-19 budget the starting point is the base budget for the 2015-16 financial year and indicative budgets for 2016-17 and 2017-18. Thus reflecting the current level of services provided by the Council and spending on its priorities.

5.3.19 The detailed budget for each of the three years covered by the Financial Plan will be refreshed based upon the outturn for 2014-15; monitoring up to 30 September 2015 and any other known changes that have arisen since last years detailed budgets were prepared. It is essential that the Council is diligent in reviewing its budgets and in particular any potential underspends or efficiency savings are identified.

5.4 Medium Term Financial Outlook and outcome of Spending Review

5.4.1 The Financial Plan as outlined previously represents an interim position awaiting the detailed outcome of the 2015 Spending Review and the proposed reforms of Local Government Finance.

5.4.2 In relation to the latter the Chancellor of the Exchequer announced a series of major reforms to Local Government finance on 5 October 2015. These included:

- That by the end of the Parliament, local government will be able to retain 100% of local taxes – including all £26 billion of revenue from business rates.
- The government will abolish the Uniform Business Rate and give local authorities the power to cut business rates to boost economic activity in their areas.
- Local areas which successfully promote growth and attract businesses will keep all of the benefit from increased business rate revenues.
- The core grant from Whitehall will be phased out, and local government will take on new responsibilities.

5.4.3 The Chancellor announced the outcome of the Spending Review and his Autumn statement on the 25 November. The Spending Review determines

how the Government will spend public money over the course of this Parliament by setting budgets for each central government department. The Autumn Statement is an annual update of the Government's plans for the economy. This year the Spending Review and Autumn Statement were combined.

- 5.4.4 The statement confirmed that Revenue Support Grant will be phased out and that by the end of the Parliament, local government will retain 100% of business rate revenues. The system of top-ups and tariffs which redistributes revenues between local authorities will be retained. The Uniform Business Rate will be abolished and any local area will be able to cut business rates as much as they like. Elected city-wide metro mayors will be able to add a premium to pay for new infrastructure, provided they have the support of a majority of the business members of the Local Enterprise Partnership. The Statement however added that the 100% retention of business rates
- “ will come with additional responsibilities and empower local authorities to deliver services in a way that is right for their area. For example, the government will consider transferring responsibility for funding the administration of Housing Benefit for pensioners, TfL's capital projects to local government and will also consult on options to transfer responsibility for funding public health. The government will consult on these and other additional responsibilities in 2016”
- In addition "plans to consult on changes to the local government finance system including to rebalance support to those authorities with social care responsibilities"
- 5.4.5 Although no details of these proposals are available the likely potential benefit to Cannock Chase Council from the benefits is in relation to retaining the levy it pays on increased business rates above its baseline. The authority has, by being a member of the Greater Birmingham and Solihull Business Rates Pool, retained 32.5% of that levy and hence the likely dissolution of the pool will return the balance of 67.5%. In addition to the downside of additional responsibilities it is also very likely that the County Council will retain a greater share of business rates than at present.
- 5.4.6 It is inevitable that any change to the funding of Local Government will need to be contained within the Control totals already set by central government and re-emphasised in the Summer Budget and the framework set for the spending review. In particular Government departments have been set targets for spending reductions of between 25% to 40% by 2019-20. Latest announcements indicate a reduction for DCLG of 30% over the four years. The DCLG's Permanent secretary has recently confirmed that the retention of business rates will be fiscally neutral.
- 5.4.7 The retention of rates is therefore likely to see all other forms of Government Grant disappearing and this potentially will involve New Homes Bonus, Better Care Fund etc. whereas other forms of Government Funding to the Police etc. may be rolled in. Any new regime will need to address the

additional cost pressures occurring to Local Government up to 2019-20 and in particular the issues facing higher tier authorities as highlighted by the Local Government Association.

- 5.4.8 The spending Review also outlined proposed changes to the operation of New Homes Bonus which may have serious impacts for all District Councils.
- 5.4.9 The Government intend to consult on reforms to the New Homes Bonus Scheme , including means of sharpening the incentive to reward communities for additional homes. It will further consult on reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately
- 5.4.10 The reduction from 6 to 4 years indicates a potential 33% reduction in funding and could be as much as a loss of grant income of £500,000 per annum . It is not clear of when this will apply from however 2016-17 represents the last year of the current six year rolling programme and logically four years will commence in 2017-18.
- 5.4.11 No provision for a reduction in New Homes Bonus has been included in the Financial Plan. This may be mitigated by 100% Business Rates Retention or any ceiling on the combined level of spending reductions and all will be subject to analysing the actual Local Government Settlement per authority and Consultation documents
- 5.4.12 The details of the new regime and its implementation timetable are fundamental cornerstones for the validating of current assumptions and development of the Medium Term Financial Plan for the Authority. Hence an analysis of the Settlement and Consultation Documents arising from Spending Review and its implications for the Financial Plan will be subject to a separate report as soon as it is available.

5.5 Options to reduce the budget gap 2018-19

- 5.5.1 The Council must set a balanced budget. A balanced budget is currently forecast for 2016-17 and 2017-18 but in determining a budget for 2016-17 particular attention is required to future years projections and in particular the deficit forecast for 2018-19 of £490,000.
- 5.5.2 In light of the uncertainty as reflected in the Medium Term Financial Outlook it is difficult to identify the true saving requirement as such nevertheless the following options will be considered and applied as necessary to reduce the gap over the period up to and including 2018-19;
- Asset Management – in addition to the current sharing of accommodation initiatives, all other aspects of asset management including rationalisation of assets; disposal of land and building and invest to save initiatives including energy efficiency measures will be explored.

- Procurement - The Council continues to review its procurement strategy to ensure services are commissioned that provide value for money and that prices are not only competitive but the services actually reflect the right level of demand.
- External Funding - there are sources of funding available to local authorities to support specific initiatives. It is necessary as part of budget setting to explore the availability of such funding;
- Fees and Charges - a significant amount of support for the Council's Budget comes from fees and charges. Key sources of fees and charges are development control (planning), building control fees, parking and market rents which are under the direct control of the Council. In addition to increasing fees and charges for current Council services it is possible to consider charging for discretionary services and introducing new charges to raise new income streams; but also ensuring that cost recovery is achieved and resources applied reflect the income generated
- Capital Programme – the programme had both direct and indirect revenue implications and the existing programme will be reviewed to ensure it reflects current priorities whereas new initiatives will also be evaluated based upon an Invest to Save criteria.
- Capital Financing –the budget setting process will review both existing and forecast borrowing requirements to determine if alternative financing strategies are available including the use of Revenue Contributions to Capital Outlay. Savings are already included in the Financial Plan from debt repayment.
- Senior Management Restructure – savings resulting from the 2015 restructure are reflected in the existing financial Plan. The restructure highlighted the impact on the capacity of the organisation in the future nevertheless this remains an option to be considered in the future. However it will need to be linked to a reduction in management workload/activities which may have an impact on service provision.
- Efficiencies and service variations are constantly under review to deliver savings. However it is clear that with the background of significant cuts in Government support that this will not always be possible without impacting on service delivery. Alternative methods of service delivery exist including in-house provision; trust and partnership working and shared services and all such options provide opportunities to ensure services are provided in the most effective and efficient manner.
- Local Enterprise Partnership /Business Rate Pooling – The Council is a member of two LEPS and the GBSLEP Business Rate pool and scope exists for efficiency saving/ contributions to core funding by the pooling and alignment of revenue and capital resources; sharing and developing economic development activities and re-allocating resources to grant earning activities. Business Rates pooling will be kept under regular review to reflect any changes to the Local Government Finance Regime.
- Use of General Fund Balances - the Local Government Finance Act 2002 requires the Chief Financial Officer to make a recommendation to the Council as to the proper level of balances for each financial year.

The Council's policy is to maintain a minimum working balance reflecting the higher amount as determined by the Budget Risk analysis or 5.5% of net expenditure (Audit Commission Recommendation) ;

- Other Reserves and Provisions - the Council has a number of earmarked reserves or amounts set aside for known future events some of which are available to support the budget. Some of these will be used in supporting the budget into the future;

5.5.3 In considering and applying the above options it is important to ensure any option is considered in context of the Councils Corporate plan. The Budget process will need to continue to reflect clearly the Council's priorities in its budget and the redirection of resources to those priorities;

5.6 Reserves and Balances

5.6.1 Reserves and Balances comprise the Council's general reserves, the working balance, and earmarked reserves. The general strategy for using unallocated reserves is that they are used to meet shortfalls in the net budget during the year. This is particularly important in the current economic circumstances when sources of income are particularly volatile.

The Working Balance

5.6.2 The General Fund balance at 1 April 2015 was £1.249 million. The Council's policy is to retain a minimum General Fund balance of 5.5% of net expenditure, or the calculated risk factor whichever is the greater to cover contingencies and emergencies. This is currently estimated to be a minimum of £0.682 million for 2016-17 rising to £0.703 million by 2018-19.

5.6.3 In setting the Budget for 2015-16 £1.5 million of working balances was identified to support the budget from 2015-16 onwards with transfer of this amount to a RCCO. As a result of the Business Rates Appeal consolidation in 2014-15 only £1.25 million was transferred with the remaining £0.25 million actioned in 2015-16 .The Financial plan assumes that the £1.5 million is allocated for debt reduction in 2017-18 with a £0.135 saving per annum.

5.6.4 A budget shortfall of £490,000 exists in 2018-19 and although Working Balances will provide sufficient additional resources to meet the shortfall, the Councils Budget Strategy assumes that further savings will need to be identified as part of the Medium Term strategy to meet any shortfall. The projections as contained in this report indicate that a further £0.401 million, based upon the worst case scenario of balances being used to mitigate the 2018-19 deficit, will be added to balances over the period. This effectively leaves a balance of £0.947 million to support the Revenue Budget.

5.6.5 The Chartered Institute of Finance and Accountancy (CIPFA) guidance states that a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves and that, in assessing the level of reserves, the Section 151 officer should take into account the strategic, operational and financial risks facing the authority.

Appendix 4 highlights the risk areas that need to be taken into consideration when deciding on the minimum level of the General Fund balance.

- 5.6.6 Particular attention is drawn to the Councils dependency on Business Rates whereby 30% of Business Rates income is generated by 10 businesses (representing 0.3% of businesses within the district). Although volatility in Business Rates is highlighted each year, as a risk, the recent confirmation that the Government intend to close coal fired power stations by 2025 ,and restrict their use by 2023, places greater emphasis on mitigating this risk with Rugeley Power Station representing alone 9% of Business Rates income.
- 5.6.7 In the event that the Power Station did close the direct impact on the Council is estimated to be approximately £1 million .In light of the impact on the local workforce and economy, together with the direct impact on the council, the Leader of the Council wrote to the Secretary of State for Communities and Local Government on the 23 November to highlight the concerns of the authority and seeking support for the power station to be converted to biomass or gas. In addition the letter asked, that in the deliberations on the Reform of Local Government Funding and retention of 100% business rates, the provision of a more stable and sustainable situation for authorities that depend on one major industry within its area should be fully taken into account.

Earmarked Reserves

- 5.6.7 The Council maintains a number of earmarked reserves which have been set aside for specific risks, for known future spending requirements or for specific projects.
- 5.6.8 Earmarked Reserves as at 31 March 2015, amounted to £8.7 million (excluding the business rates reserve) and based on the Financial Plan assumptions, are expected to reduce to £3.4 million by March 2019. The actual level will vary as the utilisation of Ring Fenced Grants and General Earmarked Reserves are approved over the duration of the Financial Plan. A full review is to be undertaken as part of the preparation of the 2016-17 and subsequent year's budget and will form part of Cabinets Budget recommendations.

5.7 Capital Programme 2015-16 – 2018-19

- 5.7.1 Council approved the current capital programme in February 2015 and the list of schemes included in the programme is set out in **APPENDIX 5 and 6** for information. The programme has been reviewed to reflect slippage from the 2014-15 financial year, new schemes approved by Council since the programme was approved in February 2015 as well as changes in circumstances that have impacted on schemes in the Programme.
- 5.7.2 No Provision has been made for any new schemes at this stage with the Capital Programme subject to detailed review as part of the Budget Process.
- 5.7.3 Available resources have increased as a result of the sale of Delta Way and the Overage agreement re Hednesford Town Centre.

- 5.7.4 The estimated level of uncommitted capital resources, before the inclusion of new schemes, as at 31 March 2019 is currently estimated to be £1.67 million (**APPENDIX 7**)
- 5.7.5 Currently uncertainty exists as to both the resource position and demand for disabled facilities grants from 2016-17. It is not known with any certainty when the announcement on Better Care Funding will be made and whether the existing passporting of funding back from Staffordshire County Council will continue and at what level. Within the capital programme proposed we have assumed no change until the position becomes clearer.

6 Implications

6.1 Financial

The Financial Implications have been referred to through out the report. The outcome of the Spending Review together with Potential changes to the funding of Local Government will impact on the validity of the Financial Plan and hence the current plan can only be an interim statement.

The Financial Plan however represents the Financial Position of the Council based upon all known facts as at this date and is in line with assumptions of other councils; the Local Government Association and professional advisors within the Public Sector.

6.2 Legal

None

6.3 Human Resources

None

6.4 Human Rights Act

None

6.5 Section 17 (Crime Prevention)

None

6.6 Data Protection

None

6.7 Risk Management

A separate Appendix exists in relation to Risk Management with other references included throughout the report.

6.8 Equality and Diversity

The Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Previous Consideration - Nil

Background Papers - File available in Financial Services.

		APPENDIX				1
DRAFT FINANCIAL PLAN - REVENUE DECEMBER 2015						
		2015/16	2016/17	2017-18	2018-19	
		£'000	£'000	£'000	£'000	
Line No.	Portfolio spending					
1	Base (Council 12 February 2014)	11,946	12,275	12,551	12,551	
2	Pay inflation				133	
3	Other inflation				204	
4	Income				-209	
5	Recharges				-40	
6		11,946	12,275	12,551	12,639	
7	Known variations	-172	-361	-744	-230	
8		11,774	11,914	11,807	12,409	
9	Investment Income/Technical Items	1,008	494	399	382	
10	Net spending	12,782	12,408	12,206	12,791	
	Financed By					
11	Formula Grant	-2,128	-1,519	-1,025	-623	
12	New Burdens	-74	-41	-41	-41	
13	Business Rates Retention	-3,827	-3,806	-3,752	-3,827	
14	BRR- Pooling Arrangements	-345	-331	-296	-302	
15	New Homes Bonus Grant	-1,211	-1,401	-1,558	-1,527	
16	Special grant – Council Tax freeze	-61	-61	-61	-61	
17	Council Tax	-5,407	-5,578	-5,743	-5,920	
18	Collection Fund		-23			
19	Net financing	-13,053	-12,760	-12,476	-12,301	
20						
21	Efficiency Requirement			-270	490	
22	Surplus Ref to Working Balances	-271	-352			

		APPENDIX 2			
REVENUE KNOWN VARIATIONS TO APPROVED BUDGET					
		2015/16	2016/17	2017-18	2018-19
		£'000	£'000	£'000	£'000
Line					
Nb.	Known Variations				
	<u>Approved Variations</u>				
1	Senior Management Variations	-135	-136	-135	-135
2	Leisure Contract - CPI	-18	-24	-20	-20
3	Combined Authority		25	25	25
4	Waste Collection & Disposal	50	-151	-308	-308
5	District Elections				107
6		-103	-286	-438	-331
	<u>Potential Variations</u>				
7	Inflation		-6	-6	-6
8	Cost Pressures	31	7	7	27
9	Actuarial Valuation				150
10	Income Variations	-100	79	-23	-12
11	Recycling Credits		-155	-164	0
12	Revenue Impact of Capital Programme			-120	-120
13	Leisure Contract				62
14		-69	-75	-306	101
15	Total Known Variations	-172	-361	-744	-230
16	<u>Inflation</u>	0	0	0	88
	<u>Investment & Technical</u>				
17	FCCO	252			
18	Capital financing			-135	-152
19	Investment Income				
20	Net spending	80	-361	-879	-294
	Financed By				
	<u>Potential Variations</u>				
21	GBS LEP Pooling arrangements	-49	-8	34	34
22	Inflation		50	49	-168
23	Government Funding				423
24	Business Rates Growth	-153	-16	115	115
25	Council Tax Base				-62
26	New Homes Bonus		10		31
27	Collection Fund		-23		
28	Net financing	-202	13	198	373
29	Surplus Ref to Working Balances	-122	-348	-681	79
R1	As approved By Council	-149	-4	411	411
R2	Variations	-122	-348	-681	79
R3	Revised	-271	-352	-270	490

	APPENDIX 3				
DRAFT FINANCIAL PLAN - EARMARKED RESERVES AND BALANCES DECEMBER 2015					
	01-Apr-15	01-Apr-16	01-Apr-17	01-Apr-18	01-Apr-19
	£000	£000	£000	£000	£000
Working Balances	703	682	671	703	703
Revenue surplus	546	838	1,201	1,439	949
Balances	1,249	1,520	1,872	2,142	1,652
Contingency	261	261	261	261	261
Building Mtce	365	318	318	318	318
Ring Fenced Grants	140	108	108	108	108
Section 106	941	905	905	905	905
Service Specific Grants	143	39	19	19	19
Commuted sums	214	199	185	171	157
Partner	455	179	145	112	88
Bond	138	160	182	204	226
Shared Services	262	262	262	262	262
Rollovers	571	0	0	0	0
Corporate	497	342	292	242	192
Service Capital	828	571	521	590	590
Service General	351	269	258	248	238
Budget support	409	306	216	0	0
RCCO	2,946	1,500	1,500	0	0
Grants	169	0	0	0	0
Business Rates Equalisation	2,218	0	0	0	0
Earmarked Reserves	10,908	5,419	5,172	3,440	3,364

APPENDIX 4		
Working Balance - Financial Risks facing the Authority		
RISK	Level of risk	Explanation of risk/justification for cover
Inflation	Medium	Inflation has been included in the Financial Plan in accordance with Government policy.
Investment interest	Medium	The amount earned depends on the prevailing interest rates and the level of cash balances held.
Major income sources:		
• Planning fees	Medium	Dependent on economic conditions.
• Land charges fees	Medium	Dependent on the housing market / basis of determining recoverable expenses/ proposed transfer to Land Registry.
• Car parking	Medium	Certain amount of volatility based on demand.
• Markets	Medium	Dependent on occupancy levels.
• Licensing	Low	Licensing income dependent on renewals.
• Cemeteries	Low	Dependant upon capacity of cemeteries.
Spending pressures:		
• Waste and recycling targets	Low	The Council will need to reach recycling targets in order to maximise income from recycling credits and avoid penalties. Recycling Credit regime operated by County Council
Funding Sources		
• New Homes Bonus	Medium	Although allocations for 2016-17 can be predicted accurately, the future level of funding is dependant upon completions of new properties and how much of the New Homes Bonus is subject to top slicing within overall (Govern. Funding).
• Volatility in Business Rates	Medium	The Council will be exposed to volatility or reduction in its business rates due to the failure or temporary closure of a key industry and successful back dated appeals against Rateable Values. Although this gives councils greater freedoms and removes dependency on central funding it passes on greater risks core funding will reduce if Business Rates contracts. A key risk to this authority exists in relation to Rugeley Power Station which represents over 9% of its Business Rates Base

			<u>Appendix 5</u>
<u>Capital Programme 2015-16 to 2018-19</u>			
	Total Programme	General Fund	Section 106
	£	£	£
HOUSING GF			
Private Sector Housing	134	134	-
Disabled Facility Grants	2,349	2,349	-
Affordable Housing	0	0	-
Total Housing General Fund	2,483	2,483	0
ENVIRONMENT			
Additional Cemetery Provision	1,500	1,500	-
Stile Cop Cemetery	155	155	-
Home Security Grants	170	170	-
Walseley Road PCS Improvements (s106)	20	-	20
Total Environment	1,845	1,825	20
CULTURE AND SPORT			
HLF Hednesford Park	1,869	1,704	165
Hednesford Signal Box	5	5	-
Hednesford ATP	1,352	1,352	-
Stadium Development	2,061	1,529	532
Relocation Arthur Street Play Area (s106)	3	0	3
Multi Use Games Area, Laburnum Avenue (s106)	121	0	121
Replacement Vehicles	80	80	-
Refurbishment Heath Hayes Park/Pitch	116	0	116
Play Area - Refurbishment	50	50	-
Total Culture and Sport	5,657	4,720	937
ECONOMIC REGENERATION AND PLANNING			
Economic Development & Physical Assets	400	400	-
Freight Terminal	2,300	2,300	-
Total Economic Regeneration and Planning	2,700	2,700	-
TOWN CENTRE REGENERATION			
Town Centre Improvement	76	57	19
Town Centre Conservation	155	364	-
Rugeley Pedestrian/Cycle Linkage	392	13	381
Bus Shelter Refurbishment	48	48	-
Total Town Centre Regeneration	671	482	400
CORPORATE IMPROVEMENT			
Accommodation Sharing - Civic Centre	201	201	-
Vehicle Workshop	500	500	-
ICT - Replacement Server	70	70	-
Civic Centre Car Park	300	300	-
Total Corporate Improvement	1,071	1,071	-
TOTAL CAPITAL PROGRAMME	14,427	13,281	1,357

GENERAL FUND AND SECTION 106 CAPITAL BUDGETS 2015-16 TO 2018-19				
	2015-16	2016-17	2017-18	2018-19
	£000	£000	£000	£000
ENVIRONMENT				
Additional Cemetery Provision	1,500	-	-	-
Stile Cop Cemetery Phase 2	155	-	-	-
Home Security	62	36	36	36
Walsley Road PCS Improvements (s106)	20	-	-	-
Total Environment	1,737	36	36	36
HOUSING				
Disabled Facilities Grants	414	328	328	328
Private Sector Decent Homes	134	-	-	-
Total Housing General Fund	548	328	328	328
CULTURE AND SPORT				
Heddesford Park Improvements (part s106 funding)	1,868	-	-	-
Heddesford Signal Box	6	-	-	-
Relocation Arthur Street Play Area (s106)	3	-	-	-
Multi Use Games Area, Laburnum Avenue (s106)	121	-	-	-
Refurbishment Heath Hayes Park/Pitch	34	81	-	-
Replacement Vehicles	80	-	-	-
Heddesford ATP	1,352	-	-	-
Stadium Development	1,380	-	-	-
Total Culture and Sport	4,844	81	-	-
ECONOMIC DEVELOPMENT AND PLANNING				
Economic Development & Physical Assets	-	-	-	-
Freight Terminal	2,300	-	-	-
Total	2,300	-	-	-
CORPORATE IMPROVEMENT				
Civic Centre Accommodation Sharing	201	-	-	-
Civic Centre Car Park	300	-	-	-
Total Corporate Improvement	501	-	-	-
TOWN CENTRE REGENERATION				
Town Centre Improvement 13-14	76	-	-	-
Rugeley Town Centre Conservation 11-12	1	-	-	-
Rugeley Town Centre Conservation 12-13	154	-	-	-
Rugeley Pedestrian/Cycle Linkage	391	-	-	-
Bus Shelter	24	24	-	-
Total Town Centre Regeneration	646	24	-	-
REMOVED CAPITAL PROGRAMME	10,576	469	364	364

		APPENDIX 7	
<u>DRAFT FINANCIAL PLAN- CAPITAL RESOURCES NOVEMBER</u>			
<u>2015</u>			
		2015-16 to 2018-19 £'000	
	Portfolio spending		
	Environment	1,845	
	Housing	2,483	
	Culture & Sport	5,657	
	Economic Development	2,700	
	Corporate Improvement	1,071	
	Town Centre Regeneration	671	
	Total Expenditure	14,427	
	Financed By		
	Balance B./fwd.	-4,615	
	Cap Receipts	-1,242	
	Joint Investment Programme	-2,907	
	Grants	-3,595	
	Local Growth Fund	-1,300	
	Other	-1,005	
	RCCO	-2,046	
	Section 106	-134	
	Reserves	-150	
	Total Financing	-16,994	
	Balance C/fwd.	-2,567	
	Less Section 106	898	
	Net Balance Available	-1,669	