

<b>Meeting:</b>	<b>General overview and scrutiny committee</b>
<b>Meeting date:</b>	<b>17 January 2017</b>
<b>Title of report:</b>	<b>Draft 2017/18 budget movements</b>
<b>Report by:</b>	<b>Interim director of resources</b>

## **Classification**

Open

## **Key decision**

This is not an executive decision.

## **Wards affected**

County-wide

## **Purpose**

To update the committee on the movements in the 2017/18 draft base budget.

## **Recommendation**

**THAT: in the light of the movements in the draft 2017/18 budget set out in the report, the committee determine whether to make any further recommendations to cabinet.**

## **Alternative options**

- 1 It is open to the committee to recommend alternative spending proposals or strategies; however given the legal requirement to set a balanced budget should additional expenditure be proposed compensatory savings proposals must also be identified.

## **Reasons for recommendations**

- 2 To update the overview and scrutiny committee in the movements in the draft 2017/18 budget being presented to Cabinet on 19 January.

## Key considerations

- 3 An initial draft 2017/18 budget was presented to the committee in November, this was reflected upon and an update was provided to the committee in December following which the provisional financial settlement has been received. This report addresses the recommendations made in relation to all base budget movements and asks the committee to note the changes.

	£000	£000
<b>November GOSC base budget</b>		<b>139,695</b>
Reclassification Movements:		
Government grant; business rates compensatory S31 grant presented as financing		5,323
<b>Sub Total</b>		<b>145,018</b>
Intra directorate Movements:		
Adults wellbeing; budget virement from children's towards performance team costs	166	
Childrens wellbeing: budget virement to adults towards performance team costs	(166)	-
Childrens wellbeing: restructure of safeguarding staffing in 18 months rather than 6 months	150	
Centralised corporate costs; pension deficit and housing benefit administration costs	609	
Other central budgets; interest and investment income projections	(759)	-
<b>December GOSC base budget</b>		<b>145,018</b>
<b>Movements in budget following draft settlement:</b>		
Lost new homes bonus grant	(1,066)	
New adult social care support grant	885	
Increase in 2017/18 council tax base	188	7
<b>Current draft 2017/18 budget</b>		<b>145,025</b>

- 4 The provisional financial settlement announced on the 15 December confirmed the following:
- Confirmation of the 2% council tax referendum principle
  - Confirmation of an additional 2% adult social care precept and ability to raise the adult social care precept to 3% in 2017-18 and 2018-19 but no more than 6% over the next three years
  - Reduction in the number of payment years for the new homes bonus from 6 years to 5 years in 2017/18 and to 4 years in 2018/19. Bonus will also only be paid above a 0.4% housing growth baseline.
  - Savings from the new homes bonus to be allocated to local authorities through an adult social care support grant
- 5 The gross budget will be updated following the final financial settlement expected in February, when confirmation of the final allocations for the following grants is expected:
- Education Services Grant
  - Extended Rights for Home to School Travel Grant
  - Homelessness Grant

## **Community impact**

- 6 The draft budget demonstrates how the council is using its financial resources to deliver the priorities within the agreed corporate plan.

## **Equality duty**

- 7 The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of polices and in the delivery of services.
- 8 A number of service specific equality impact assessments are completed for the service specific budget proposals to assess the impact on the protected characteristic as set out in the Equality Act 2010.
- 9 The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed then we will consider mitigating against any adverse impact identified.

## **Financial implications**

- 10 As set out in the report.

## **Legal implications**

- 11 The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure. The act also covers the legal issues around council tax setting.
- 12 Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.
- 13 Local authorities must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

## **Risk management**

- 14 Section 25 of the Local Government Act 2003 requires the S151 officer to report to Council when it is setting the budget and precept (council tax). Council is required to take this report into account when making its budget and precept decision. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
- 15 The draft budget has been updated using the best available information, current spending, anticipated pressures and draft financial settlement.

## **Consultees**

- 16 Consultation on the budget proposals commenced on 29 July and completed on 7 October, with the public responses being shared at the committee meeting held on 14 November.

## **Appendices**

None

## **Background papers**

- None identified.