

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Executive Director Commercialisation (S151 Officer)

To: Joint Performance Monitoring Panel and Policy Development Panel - 24 January 2017

Author: Mark Astbury – Chief Accountant (Interim)

Subject: General Fund and Housing Revenue Account Draft Estimates 2017-18 and Financial Medium Term Plan

Purpose: To consider the General Fund and Housing Revenue Account 2017-18 draft revenue and capital estimates and the draft Financial Medium Term Plan.

Recommendation:

That the Joint Panel reviews the draft General Fund, Housing Revenue Account and Capital Programme Budgets and makes comments/ recommendations for consideration by Cabinet at its meeting on 14 February 2017.

1.0 BACKGROUND

- 1.1 The appendices to this report outline the draft 2017-18 revenue and capital estimates for the General Fund and Housing Revenue Account; the outline financial position through to 2020-21 and the medium term plan (MTFP).
- 1.2 The financial medium term plan sets out the framework within which the budget is to be set to ensure that it enables the Council to achieve its own corporate objectives.
- 1.3 This report highlights General Fund and Housing Revenue Account estimates.
- 1.4 The attached appendices set out the draft General Fund estimates and Housing Revenue Account supporting papers. The revenue estimates will require further efficiencies in order to produce balanced and sustainable budgets. The attached appendices set out the draft General Fund estimates and supporting papers.
- 1.5 The existing four year capital programme has been amended to reflect revised budgets and scheme forecasts. The Council has limited resources to finance all of these schemes and final decisions are still to be made on significant capital projects, such as Priory Road, future refuse vehicle replacement and any future investment in growth projects such as the Food Enterprise Zone. Decisions on Priory Road and future asset projects will have a significant impact on the funding and potential receipts the Council has available.

- 1.6 The budget has now entered a consultation period, with responses invited from residents and businesses through the Council's website, and also through this budget scrutiny meeting, which will allow the Joint Performance Monitoring Panel and Policy Development Panel to examine the estimates. Final estimates will be presented to Cabinet on 14th February 2017 with a recommendation for approval to Full Council on 22nd February 2017.
- 1.7 In response to the 2016/17 Settlement, the Council successfully applied for the Government's four year Local Government Finance Settlement offer, using the Moving Forward programme as the basis of the efficiency plan.
- 1.8 The provisional Settlement consultation paper for 2017-18 was released on 15 December 2016. The key components of the settlement are:
- **Revenue Support Grant (RSG) & Four Year Settlement** -The value of the four year RSG settlement has not changed so there is no impact compared to the budget set last year,
 - **New Homes Bonus (NHB)** - The consultation includes a number of changes to New Homes Bonus which will reduce the amount the council receives by £511k over the medium term which will impact on resources available for Investment and Growth,
 - **Rural Services Delivery Grant (RSDG)** - This grant is to remain although to date the actual amounts have not been released,
 - **Business Rates** - The recent valuation for business rates takes effect from 1 April 2017. This is a revenue neutral exercise nationally, however at a local level bills and income may rise or fall, dependent on the mix of businesses in an area. Further work is now being carried out to determine the impact on South Holland District Council.

This draft budget includes assumptions for these areas and these will be updated once further information becomes available.

- 1.9 Despite the challenges of reduced funding and economic uncertainty, the Council remains in a relatively secure financial position across the medium term with no dependency on reserves. This draft budget continues to support the principal of reducing reliance on RSG to nil from 2019-20 and providing funding for both investment and growth funds.
- 1.10 The MTFP includes annual savings of over £800k by 2019/20 as a result of targeted action and investment through the Council's Moving Forward Programme.
- 1.11 Further review is taking place during January, including an update of the Tax base and Collection Fund position (NNDR and Council Tax) and a review of Moving Forward Programme Targets.
- 1.12 Efficiencies implemented through the Moving Forward Programme mean that the Council is able to produce a balanced budget in 2017/18 although the final settlement details, revised Tax base and the Collection Fund position are still to be finalised.

2.0 OPTIONS

- 2.1 To review the draft General Fund, Housing Revenue Account and Capital Programme Budgets and make comments/recommendations for consideration by Cabinet at its meeting on 14th February 2017.

3.0 REASONS FOR RECOMMENDATION

- 3.1 To comply with the budgetary and policy framework.

4.0 EXPECTED BENEFITS AND TIMELINES

- 4.1 To provide an early view of the Council's financial position and seek stakeholder feedback prior to formal budget setting.

5.0 IMPLICATIONS

5.1 Financial

- 5.1.1 The report is of a financial nature and financial implications are covered within the report.

5.2 Risk Management

- 5.2.1 Risks are set out in Appendix A

5.3 Stakeholders / Consultation

- 5.3.1 The budget has now entered a consultation period. Responses will be invited from residents and businesses through the Council's website, and also through this budget scrutiny meeting with the Joint Performance Monitoring Panel and Policy Development Panel.

5.4 Other

- 5.4.1 The financial nature of the report and appendices covers the full range of Council services and priorities

6.0 WARDS/COMMUNITIES AFFECTED

- 6.1 The implications of the report and appendices cover all wards.

7.0 ACRONYMS

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| 7.1 | RSG | Revenue Support Grant |
| | MTFP | Medium Term Financial Plan |
| | NHB | New Homes Bonus |
| | RSDG | Rural Services Delivery Grant |
| | NNDR | National Non Domestic Rates |

Background papers:- None

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Key Decision:

No

Exempt Decision:

No

Appendices attached to this report:

- Appendix A - General Fund Budget 2017-18 and Financial Medium Term Plan 2017-18 to 2020-21
- Appendix B - General Fund and Housing Revenue Account Summary 2017-18 to 2020-21
- Appendix C - Spalding Special Expenses
- Appendix D - Reserves
- Appendix E - General Fund Capital Programme 2017-18 to 2020-21
- Appendix F - Capital Strategy
- Appendix G - Treasury Management Strategy Statement
- Appendix H - Fees and Charges