


Agenda Item No:	6	
Committee:	Overview and Scrutiny Panel	
Date:	19 January 2015	
Report Title:	Draft Medium Term Financial Strategy and General Fund Budget 2015/16	

Cover sheet:

1 Purpose / Summary

To consider and make any appropriate recommendations to Cabinet on:-

- the draft Medium Term Financial Strategy, General Fund Budget 2015/16 and Capital Programme 2015-2018;
- the revised General Fund Budget and Capital Programme for 2014/15.

2 Key issues

- The draft Medium Term Financial Strategy and General Fund Budget 2015/16 report as presented to Cabinet on 18 December 2014 is attached. The report has been updated to include the outcome of the provisional Local Government Finance Settlement announced on 18 December 2014. There have been only minor changes to the forecast years with the overall position for 2015/16 remaining unchanged.
- The Council's Settlement Funding Assessment (government general grant) has reduced by £1.115m (-16.0%) in 2015/16. Further significant reductions are forecast for 2016/17 onwards.
- It is proposed that Council Tax will increase by 1.9% in 2015/16 and over the medium term.
- The Referendum limit for Council Tax increases has been set at 2%.
- £776,000 of the original savings target of £1.005m for 2015/16 has been achieved to date. The remaining £229,000 has been identified but not yet implemented.
- For the period 2015/16 – 2018/19 savings of around £1.730m will be required, subject to the outcome of the next Spending Review.
- The next Spending Review, due in Autumn 2015 following next year's general election, will have a significant impact on the Council's future resources, from 2016/17 onwards. There is also likely to be an emergency budget shortly after the general election. Consequently, forecasts for these years should be treated with caution.
- There has been real business rates growth in the district during 2014/15 which are forecast to provide additional resources for 2015/16 and thereafter. These forecasts are however subject to some volatility as business rates can be subject to significant in-year variations.
- Revised estimates for 2014/15 are projecting an under-spend which will mean there is no requirement to use the previously approved £50,000 of balances.

- Proposal to transfer £500,000 of the General Fund Balance to the Capital Contribution Reserve (£250,000) and the Management of Change Reserve (£250,000).
- An updated Capital Programme for 2014/15 and for the medium term 2015-18 is proposed. This now includes the commitment to repair/replace all Parish Council Category 1 street lights (structurally defective, urgent action required within 12 months), as agreed by Cabinet on 18 December 2014.
- Given the scale of the challenges faced by the Council, the financial forecasts represent a considerable achievement and demonstrates the focus from Officers throughout the Council in delivering the required savings.
- The Council continues to focus on delivering quality services and to minimise the impact on front-line services.

3 Recommendations

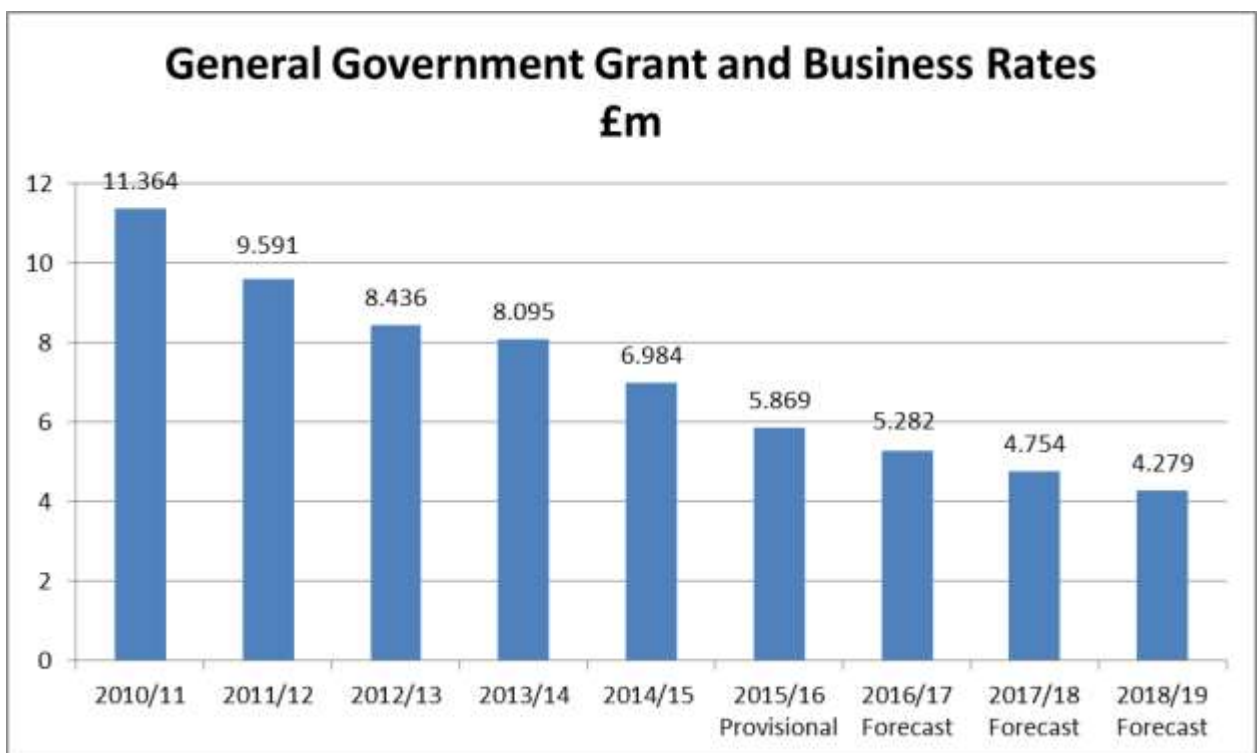
- It is recommended that Members consider and make any appropriate recommendations to Cabinet on :-
 - (i) the draft budget proposals for 2015/16 outlined in this report;
 - (ii) the revised estimates for 2014/15;
 - (iii) the revised capital programme.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr John Clark, Leader Cllr Chris Seaton, Portfolio Holder, Finance
Report Originator(s)	Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Paul Medd, Chief Executive Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	Provisional Finance settlement – Department for Communities and Local Government (DCLG). Medium Term Financial Forecasts working papers. Government announcements since February 2014.

Report:

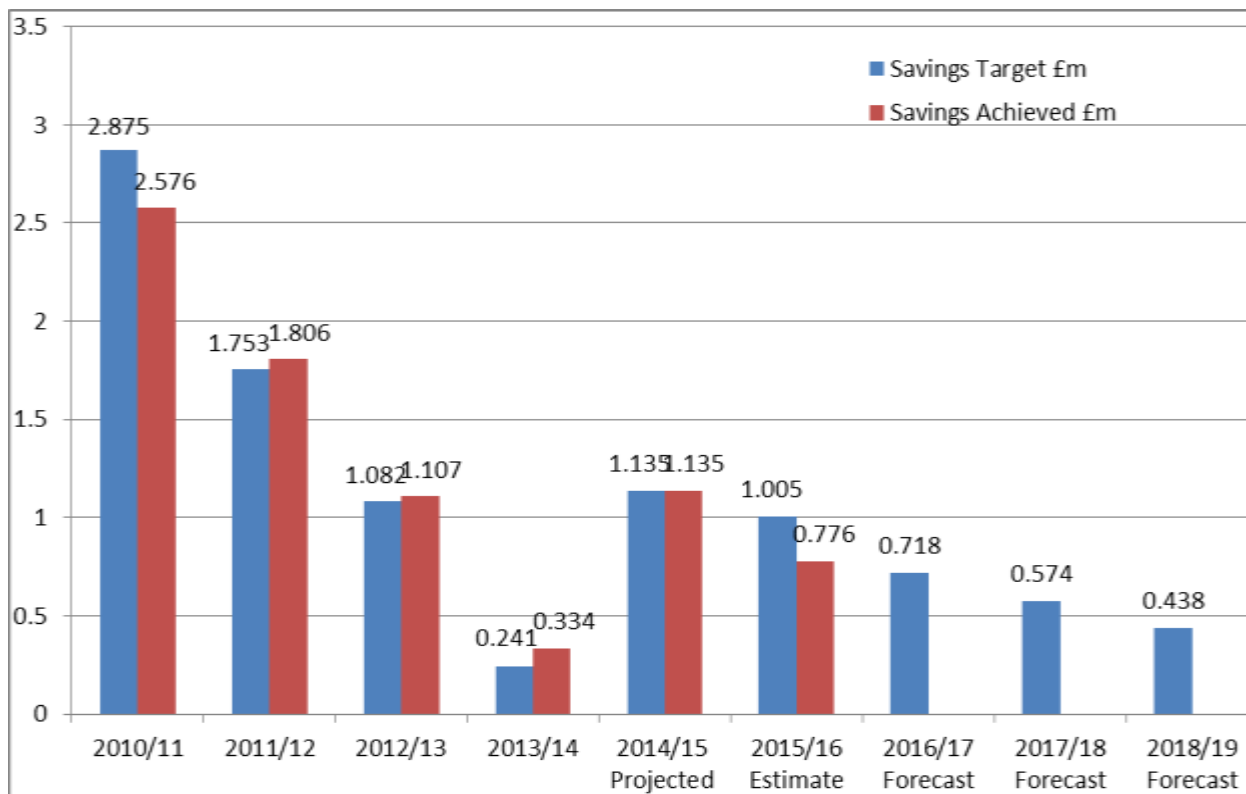
1 Introduction

- 1.1 This report sets out the financial implications of the council's priorities described in the draft Corporate Plan 2015 – 2018. Revenue estimates are draft at this stage and along with the draft Corporate Plan will be subject to public and stakeholder consultation prior to final budget and council tax levels for 2015/16 being set in February 2015.
- 1.2 Much of the financial information provided is necessarily based on a number of assumptions which are wholly or partly influenced by external factors. Some of these factors, such as the final level of external grant support and the level of Government set fees, will not be known until later in the process and any amendments will be reported to Cabinet and Council at the February 2015 budget meeting.
- 1.3 In addition, the Local Government Finance Settlement for 2015/16, the Autumn Statement 2014 and the continuing challenging economic climate means the Council needs to produce a robust strategy for the future to meet these challenges.
- 1.4 Local Government has been at the forefront of the austerity measures introduced by the government following the General Election in 2010, to reduce the national deficit. This Council has seen significant grant reductions since 2010 and by the end of 2015/16 we will have delivered over £8m of savings. This is exemplified in the graphs below:



General Government Grant (Revenue Support Grant) and Business Rates will have reduced by 48% between 2010/11 and 2015/16, with forecast reductions of 10% per annum for the next three years.

The following graph illustrates how successful the Council has been in delivering the required savings targets over the last 5 years. With the exception of 2010/11, where as a result of the emergency budget following the general election, substantial reductions in government grants were announced in year (this Council's savings target increased by £1.525m in the year, of which £1.226m was achieved, a significant achievement), the savings targets have been met in every year.



During these years, Members have been very clear, that where possible, front line services should be protected. The Council's strategy of identifying savings 12 months in advance of the financial year has led to the successful delivery of the required savings targets and means the Council are in a good position to meet the challenges of 2015/16 and beyond. These savings have been achieved through a number of ways, such as Management and Service reviews, shared services, procurement and income generation.

- 1.5 The scale of the challenges faced by local government over the last 5 years and in the future, are highlighted by the recent report on the 'Financial Sustainability of Local Authorities 2014' by the National Audit Office (NAO). In this report, the NAO observed that the Department of Communities and Local Government (CLG) could have a better 'understanding of the financial sustainability of local authorities and the extent to which they may be at risk of financial failure'. In addition, CLG 'expects local authorities to manage future funding reductions by transforming the way they deliver services, but has limited understanding of the size and timing of resulting savings', and 'the Department does not monitor the impact of funding reductions on services in a coordinated way'.
- 1.6 The report, however, does acknowledge that 'local authorities as a whole have coped well in financial terms with the reductions' and that 'local authorities are subject to a legal framework that makes it difficult in practice for them to fail financially'. Owing to the strength of the legal framework, CLG 'expects that stress from funding reductions will lead to service pressures rather than financial failure'.

2 Revised Estimates 2014/15

- 2.1 As part of the budget setting process for 2014/15, approved by Council on 27 February 2014, £1.135m of savings were required in order to achieve a balanced budget.
- 2.2 As reported during the course of this year through the monthly monitoring reports to all Members and at previous Cabinet meetings, the required savings for 2014/15 have been identified and implemented. In addition, significant progress has been made towards identifying the required savings for 2015/16. Significant organisational efficiency changes have been implemented in Environmental Services (Support Team), Human Resources, ICT, Legal Services, Markets and Events, as well as those currently being implemented in Accountancy, Customer Access, Environmental Health and Post and Reprographics. These together with other efficiency changes, for example the Revenues and Benefits service joining Anglia Revenues Partnership (ARP) and the forthcoming transfer of the Building Control team to CNC, have enabled the savings target to be met for this year with significant contributions towards the savings target for 2015/16. Given the size of savings required, this is a considerable achievement and demonstrates the focus from Cabinet and Officers in delivering a balanced budget. The savings identified to date have not significantly affected front-line services as the Council is determined to maintain the quality of these services during these difficult and challenging times.
- 2.3 The latest revised estimates for 2014/15 are set out at Appendix A for approval. The current estimate for net expenditure is £13.618m, which means that the approved contribution from balances of £50,000 is not required. At the present time, Corporate Management Team, Senior Managers and the Accountancy Team are managing and monitoring the position carefully and will continue to review spending levels to ensure this position is maintained at the year end.
- 2.4 Income levels overall are projected to achieve what was estimated, although there are variations between services, as detailed in the monthly monitoring reports. Expenditure also continues to be tightly controlled.
- 2.5 Consequently the General Fund Balance is forecast to remain at £2.880m at the end of 2014/15.

3 Local Government Finance Settlement

- 3.1 The Provisional Finance Settlement for 2015/16 was announced on 18 December 2014 and is detailed below:

Table 1 – Provisional Settlement Funding Assessment – December 2014

	Actual 2014/15 £000	Indicative 2015/16 £000	2015/16 % Reduction
Revenue Support Grant	3,687	2,509	
Business Rates Baseline Funding	3,297	3,360	
Settlement Funding Assessment	6,984	5,869	-16.0%

- 3.2 These settlement figures confirm that local government continues to bear the brunt of public spending reductions in this Spending Review period. The Autumn Statement expects that further reductions will continue until 2018. There is currently much speculation in local government finance circles that the Revenue Support Grant element of the settlement will disappear completely over the course of the next parliament.

Consequently, the medium term forecasts assume an overall reduction in the Settlement Funding Assessment of 10% per annum.

- 3.3 This reduction in Revenue Support Grant (RSG) could be partly compensated by an increase in the proportion of business rates kept locally (currently 50% - Fenland 40%, County Council 9% and Fire Authority 1%). However, this has not been modelled in the medium term forecasts, as whilst there is little doubt that RSG will reduce in future years (although the percentage is yet to be determined), there is no guarantee that additional resources will be forthcoming from the proportion of business rates.

4 New Homes Bonus

- 4.1 The government is carrying out a review of the New Homes Bonus to evaluate the effectiveness of the incentive in increasing housing supply. Although there will be no changes to the system for 2015/16, the next Spending Review following next year's general election could propose changes which, like the speculation around RSG, could remove this 'Bonus' over the course of the next parliament. The New Homes Bonus is funded from a top-slice from the national funding total for local government and should this amount be re-allocated through the finance settlement this could result in a broadly neutral funding position for this Council. However, it is likely that any phased removal of the New Homes Bonus would not be compensated for by additional finance settlement funding. Therefore, there is a risk that the amounts included in the table below and within the medium term forecasts (from 2016/17 onwards) will not be achieved. Any reductions in forecast funding levels detailed in the table below will increase the savings target over the medium term by an equivalent amount.
- 4.2 Actual and forecast NHB allocations, based on the current system, included in the medium term forecasts are as follows:

Table 2: New Homes Bonus Illustration

		Financial Year of Payment							
		Actual	Actual	Actual	Actual	Provisional	Forecast	Forecast	Forecast
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000	£000
Year of Delivery	Yr 1 (Oct 2009-10)	290	290	290	290	290	290		
	Yr 2 (Oct 2010-11)		323	323	323	323	323	323	
	Yr 3 (Oct 2011-12)			247	247	247	247	247	247
	Yr 4 (Oct 2012-13)				356	356	356	356	356
	Yr 5 (Oct 2013-14)					347	347	347	347
	Yr 6 (Oct 2014-15)						350	350	350
	Yr 7 (Oct 2015-16)							350	350
	Yr 8 (Oct 2016-17)								350
	Total NHB allocation	290	613	860	1,216	1,563	1,913	1,973	2,000

- 4.3 Provisional New Homes Bonus allocations for 2015/16 were announced as part of the Local Government Finance Settlement.

5 Business Rates

- 5.1 Members will be aware that the Business Rates Retention system was introduced in April 2013. Under this system, authorities would benefit if their actual Business Rates income collected in a year was higher than the baseline funding determined by government.
- 5.2 There has been real business rates growth in Fenland over the last year, however how this impacts on the resources available to this Council is complex, due to the rules surrounding the Business Rates Retention system.
- 5.3 Additional business rates growth over and above the Baseline Funding level results in a levy payable to the government equivalent to 50% of this growth amount. This amount is payable to the government in the financial year to which it relates. However, this Council's share of growth together with calculations for bad debts and appeals provision is included in the Business Rates Collection Fund for the year and any surplus on the Collection Fund at the year end, is then available to the Council in the following financial year.
- 5.4 In addition, the government announced various measures which reduced the amount of business rates receivable in 2014/15 - capping increases to 2% and a series of 'reliefs'. However, authorities are being compensated by the government through a separate grant payment for any loss of business rate income resulting from these measures.
- 5.5 All of the above interact with each other producing a very complex assessment of the impact on the Council's resources. Overall, there is estimated to be a slight increase in resources for 2014/15 of around £16,000. However, due to higher than anticipated business rates growth during 2014/15 together with a lower than anticipated appeals provision, the Collection Fund is estimated to have a significant surplus at the end of this year. This Council's share of this surplus is estimated at around £350,000 and this is included in the draft budget for 2015/16.
- 5.6 In addition, based on current and forecast business rates for next year, the Council is estimated to receive additional business rates income of around £250,000 in 2015/16 and future years, over and above its' baseline funding level.
- 5.7 Although this is good news for the Council, business rates by their very nature are volatile and any forecast additional income in the future could be off-set by reductions from a loss of any significant business ratepayer or losses from appeals over and above what has been estimated.

6 Draft Budget 2015/16 and Medium Term Strategy

- 6.1 The Council's Medium Term Financial Strategy (MTFS) ensures that the commitments made in the Corporate Plan are funded not only in the year for which the formal approval of the budget is required (2015/16) but for forecast years as well, within a reasonable level of tolerance.
- 6.2 For the purposes of this report, the following table exemplifies the impact of an indicative 1.9% Council Tax increase per annum from 2015/16. It also includes the proposed transfer of £500,000 from the General Fund Balance to Earmarked Reserves as detailed in paragraph 8 below.

Table 3 - Medium Term Forecast - 1.9% CT increase in 2015/16 onwards

		Subject to Future Spending Review		
	Estimate 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000
Council Taxbase	27,368	27,573	27,780	27,988
Assumed Council Tax increase	1.9%	1.9%	1.9%	1.9%
Resources (Income)				
Revenue Support Grant	2,509	1,838	1,224	661
Business Rates Baseline	3,360	3,444	3,530	3,618
	5,869	5,282	4,754	4,284
Council Tax	6,849	7,030	7,220	7,410
CT Collection Fund	86			
BR Collection Fund	350			
Transfer of General Fund Balance to Earmarked Reserves	500			
Total Resources	13,654	12,312	11,974	11,689
Forecast Net Expenditure <i>(including transfer to reserves)</i>	13,883	13,301	13,537	13,690
<i>Original Savings Target</i>	<i>1,005</i>			
<i>Savings achieved to date</i> <i>(included above)</i>	<i>-776</i>			
<i>Savings identified but not yet implemented:</i>				
Savings identified 2015/16	-229	-229	-229	-229
Savings identified 2016/17		-42	-42	-42
Forecast Expenditure after identified savings	13,654	13,030	13,266	13,419
Funding Gap – In Year	0	718	574	438
Cumulative Funding Gap		718	1,292	1,730
Forecast General Fund Balance	2,380	2,380	2,380	2,380

- 6.3 Government grant figures for 2016/17 - 2018/19 will be subject to the outcome of the next spending review following next year's general election. For the purposes of the Medium Term Forecasts, the figures are assumed to continue to reduce year on year in line with the Autumn Statement announcement. Within the government grant figures for these years, the Business Rates Baseline Funding element is assumed to increase annually by RPI (2.5%) whereas the Revenue Support Grant element is assumed to reduce by 27% in 2016/17, a further 33% in 2017/18 and a further 46% in 2018/19. This combines to produce an assumed overall reduction of 10% per annum over those years. This is in line with the strategy of removing RSG completely by the end of the next parliament.

- 6.4 The level of net expenditure for 2015/16 is currently estimated to be £13.392 million before any additional savings are included. This includes the assumptions detailed at para. 6.12 below.
- 6.5 Clearly the forecasts show a substantial gap and the need for significant savings to be identified to achieve a balanced budget, including a robust strategy on the use of balances. Of the original savings target for 2015/16 of £1.005 million, £776,000 has been achieved to date. In addition, the remaining £229,000 of savings required for 2015/16 have been identified and progress is being made towards the 2016/17 savings target. This leaves £1.730m of savings to be identified over the medium term without any further use of balances.
- 6.6 The forecasts are based on a proposed 1.9% Council Tax increase in 2015/16 and over the medium term. A Council Tax freeze in 2015/16 would increase the savings required over the medium term by an additional £225,000, (if the Council received government grant equivalent to a 1% increase as has been the case previously).
- 6.7 The current strategy is not to use the general fund balance to fund the projected deficits in future years. This will ensure the balance is kept above the target minimum level of £2m. However, due to the uncertainties relating to future resource and expenditure forecasts, the level of reserves and the minimum level of the general fund balance will be reviewed as we progress through the budget setting process (see also section 8 below).
- 6.8 Taking into account the proposals in the above tables, the estimated level of expenditure in 2015/16 is detailed in Appendix A. The level of forecast resources available to the Council and the estimated levels of expenditure over the medium term are set out in detail in Appendix B.
- 6.9 The forecasts for the years 2016/17 – 2018/19 are particularly volatile and should be treated with extreme caution. No provisional announcements regarding government grant for these years have been made and therefore, the figures could be better or worse than forecast. The outcome of the next spending review will determine government funding for these years.
- 6.10 At this stage, CMT are progressing with several savings initiatives and Cabinet have begun their priority setting process, both of which will generate savings in the next financial year to deliver a balanced budget. However, the achievement of further efficiencies in future years whilst maintaining excellent services will present considerable challenges for the authority.
- 6.11 The draft Corporate Plan for 2015 – 18 continues the Council’s successful improvement programme for all services. The funding for the majority of the priorities is included by rolling forward costs in this year’s budget without the requirement for any specific “growth” to be identified.

Assumptions built into Budget and Medium Term Forecasts

- 6.12 Within the forecasts are a number of assumptions which are necessary to produce the overall budget strategy. However, there is an element of risk associated with this process although we aim to mitigate these risks as detailed in paras 6.12 – 6.13. The main assumptions are as follows:
- 1.9% Council Tax increase for 2015/16 and thereafter;
 - 1.32% increase in Council Tax base in 2014/15 and 0.75% thereafter;
 - 2.2% pay award for the period 1 January 2015 - 31 March 2016. 1% per annum for 2016/17 and thereafter;
 - Allowance for pay increments;

- Increase in Employer's Pension Contributions (as determined by the latest triennial valuation of the Cambridgeshire Pension Fund in 2013). The contribution now takes the form of a percentage of pay (17%) together with a lump sum payment which is £385,000 in 2014/15; £592,000 in 2015/16 rising to £817,000 in 2016/17 and thereafter;
- 0% general inflation for the period of the Medium Term Forecasts;
- Specific allowance for inflation for business rates, external contracts, energy and water, drainage board levies;
- Investment interest rates to stay at current rates until second quarter of 2016 when market rates are forecast to begin rising slowly;
- Continuing impact of 2014/15 in year income pressures;
- Assumptions regarding forecast income levels from fees and charges have been included. These are a combination of fee increases (where applicable) and review of activity levels. This is pending the review of fees and charges by Overview & Scrutiny Panel in January 2015;
- Additional income of £250,000 per annum due to growth (above inflation) for retained business rates for 2015/16 onwards;
- Allowance has been made for higher non-collection rates for Council Tax due to the impact of the local Council Tax Support Scheme;
- The New Homes Bonus for 2015/16 onwards has been included as detailed in Table 2 above.

Risk Assessment

- 6.13 There is an element of risk inherent in any process that looks into the future to make forecasts, particularly in the current economic climate. The Council has a strong track record in good financial management as recognised in the recent Annual Audit Letter. This risk is further minimised by adopting the following methodology when preparing the draft estimates:-
- Service managers and the Accountancy Team working together to define likely service income/expenditure patterns matched with service delivery plans
 - Maintaining "earmarked" reserves for potentially unbudgeted expenditure,
 - Adopting clear guidelines and control systems (revenue monitoring procedures, Financial Regulations etc.) to alert service managers, and members should variances become significant,
 - Using professional and expert advice and economic forecasts where these are available, e.g. treasury management, interest rates,
 - Maintaining a rolling review of forecast estimates beyond the current year.
- 6.14 2015/16 will continue to see risks imposed upon the Council with the Business Rates Retention system and the Local Council Tax Support scheme. Both of these have significant risks associated with them particularly around growth forecasts and collection rates. In addition, the impact of any emergency budget after next year's general election and the uncertain future of the New Homes Bonus could also pose significant risks to future resources. The Council will seek to minimise these risks by adopting the methodology detailed in 6.13 above together with robust in-year monitoring systems.

Council Tax Referendum

- 6.15 As part of the 2015/16 Local Government Finance Settlement announcement on 18 December 2014, the government has again stated that local authorities will be required to seek the approval of their local electorate in a referendum if they set council tax increases in 2015/16 of 2% or higher.

7 Capital Expenditure and Income

- 7.1 Capital Expenditure and Income plans have been prepared through the Council's service and financial planning cycle. The Council's capital resources are dependent on government funding, external grants or through the ongoing disposal of assets.
- 7.2 A fully updated Capital Programme for 2015-18 is presented at Appendix C for approval. All known and expected levels of capital receipts have been taken into account in the resources statement. These include the net usable receipt from the stock transfer and income from land sales. This includes significant amounts from the future disposal of land at Nene Waterfront and other sites in the district.
- 7.3 The level of these capital receipts can be subject to some potential variability and risk. Officers are working on a variety of options to bring vacant sites to the market but there remains considerable uncertainty as to when these will be realised and capital receipts have been re-profiled accordingly. Even after this re-profiling the Council is still reliant on realising capital receipts of £3.859 million between now and 2018 to fund the programme at Appendix C.
- 7.4 Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in disposal of assets, then the capital programme will need re-visiting to ensure funding is sufficient to meet proposed expenditure. Reviews of the programme and resources available are carried out regularly during the year.
- 7.5 Consequently, the future projects identified by members not currently included in the existing programme (detailed in Appendix C) will not proceed until sufficient funding is identified.
- 7.6 Alternative methods of funding the capital programme, such as prudential borrowing, may require consideration. These methods, however, will incur significant additional annual revenue costs on the Council which will need consideration in the context of the Council's forecast financial position.
- 7.7 The programme detailed at Appendix C includes some changes from that reported to Cabinet in September 2014, mainly as result of re-profiling of some schemes. In addition, at their meeting on 18 December 2014, Cabinet agreed to fund the repair/replacement of all Parish Council Category 1 street lights (structurally defective with urgent action required within 12 months), pending further discussions with Parishes regarding the future funding arrangements for other categories of defective street lights. This could result in this Council contributing £250,000 towards the total cost of repairing/replacing Parish Councils' defective street lights (including the Cat 1 lights).
- 7.8 Although no new schemes (apart from 7.7 above) have been included in the programme, there are a number of essential projects currently being assessed by Officers which may result in new schemes being put forward for member's consideration between now and the final budget report in February 2015. These include maintenance and improvement of assets (mini-factories, car parks, industrial estates, open spaces, leisure centres etc.); March footbridge; Land drainage; Future approach to Disabled Facilities and Private Sector Renewal Grants; Potential accommodation project costs and future of the Rural Community Fund, of which there is still one grant to be determined of £100,000.

- 7.9 Members are also reminded of the impact on the revenue account of using uncommitted capital resources. Whilst they remain uncommitted, the resources are invested and generate revenue income to the general fund. Consequently, for every £1m spent the revenue account loses around £10,000 per annum at current interest rates. This figure increases by an additional £10,000 per annum for every 1% increase in interest rates. Based on the average interest rates projected over the Medium Term Financial Strategy (1 -1.5%), this equates to a reduction in investment interest of between £10,000 - £15,000 per annum for every £1m of capital resources spent.

8 Review of General Fund Balance and Specific Reserves

- 8.1 An important part of any budget strategy is the review and consideration of reserves. The strategy applies a robust but prudent use of these balances to cushion the impact of the economic climate, but maintaining the minimum level of reserves for the Council over the medium term.
- 8.2 The Council's current forecast uncommitted General Fund Balance at 31 March 2015 is £2.880m. The target minimum level for this reserve is £2m and the current strategy is not to use this balance to fund the projected deficits in future years. However, paragraph 7 above highlights the potential for additional funding being required for key capital projects, such as the Parish Street Lighting. In addition, the Council will need to continue its' service transformation strategy to meet the significant financial challenges over the medium term. Therefore, it is an opportune time to consider using part of this balance to help meet these forthcoming challenges.
- 8.3 Consequently, it is proposed to reduce the General Fund Balance by £500,000 and to increase the Capital Contribution Reserve by £250,000 (to fund the potential contribution to Parish Street Lighting replacements) and to increase the Management of Change Reserve by £250,000. To comply with relevant accounting rules, in the various tables and appendices, this proposal will show as a £500,000 contribution from Balances (income), off-set by a £500,000 contribution to Earmarked Reserves (expenditure), thereby having a nil effect on the Council Tax requirement.

9 Fees and Charges

- 9.1 The Overview and Scrutiny Panel will consider all fees and charges at their meeting on 19 January 2015 and recommend levels to Cabinet at their meeting on 22 January 2015.

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

	Approved Estimate 2014/15 £	Revised Estimate 2014/15 £	Draft Estimate 2015/16 £
Service Summary			
Growth & Infrastructure	1,263,300	1,289,900	1,338,220
Environment & Leisure	4,241,680	4,077,400	4,176,530
Resources & Customer Services	6,070,568	5,893,185	6,009,835
Housing, Community & Economic Development	1,631,930	1,602,440	1,569,280
Policy & Governance	1,688,600	1,609,980	1,701,520
Capital Charges	2,466,270	2,475,000	2,475,000
NET COST OF GENERAL FUND SERVICES	17,362,348	16,947,905	17,270,385
Corporate Items			
Contributions to/ (from) Earmarked Reserves	-96,380	67,780	566,800
RTB/VAT Sharing Income	-189,700	-169,800	-139,900
Capital Charges Reversal	-1,831,369	-1,840,789	-1,811,270
Investment Income	-150,000	-170,000	-200,000
New Homes Bonus	-1,216,484	-1,216,484	-1,563,058
New Homes Bonus Adjustment	-11,012	-11,012	-10,528
Council Tax Freeze Grant (2014/15 CT freeze)	-76,250	-76,250	-76,250
Council tax Support - Payments to Parish Councils	102,360	102,360	96,740
Business Rates - net additional income from growth (after levy payable to Government)	-225,653	-15,850	-250,000
Corporate Adjustments	-3,694,488	-3,330,045	-3,387,466
Net Expenditure before savings	13,667,860	13,617,860	13,882,919
Savings target 2015/16			-1,005,000
Savings identified to date (included above)			776,000
Savings identified (not yet included above)			-229,000
Net Expenditure after Savings	13,667,860	13,617,860	13,653,919
Approved Contribution to/(from) Balances	-50,000	0	-500,000
NET EXPENDITURE	13,617,860	13,617,860	13,153,919
Settlement Funding Assessment			
Revenue Support Grant	-3,686,786	-3,686,786	-2,508,710
Business Rates Baseline Funding	-3,296,900	-3,296,900	-3,359,898
Council Tax Collection Fund Surplus	0	0	-85,740
Business Rates Collection Fund Surplus	0	0	-350,000
COUNCIL TAX REQUIREMENT	6,634,174	6,634,174	6,849,571
Forecast General Fund Balance - 31st March	2,829,555	2,879,555	2,379,555
Balance 1st April 2014	2,879,555		

GENERAL FUND MEDIUM TERM FINANCIAL FORECAST

RESOURCES STATEMENT	Approved Estimate 2014/15 £000	Projected Outturn 2014/15 £000	Forecast Estimate 2015/16 £000	Subject to CSR		
				Forecast Estimate 2016/17 £000	Forecast Estimate 2017/18 £000	Forecast Estimate 2018/19 £000
A Resources						
(i) Central Government						
Revenue Support Grant	3,687	3,687	2,509	1,838	1,224	661
Business Rates Baseline Funding	3,297	3,297	3,360	3,444	3,530	3,618
	6,984	6,984	5,869	5,282	4,754	4,279
			-16%	-10%	-10%	-10%
(ii) Council Tax						
Council Tax Payers	6,634	6,634	6,849	7,030	7,220	7,410
Collection Fund Surplus/Deficit(-)	0	0	86	0	0	0
(iii) Business Rates						
Collection Fund Surplus	0	0	350	0	0	0
Use of Balances						
(iv) General Fund	50	0	500	0	0	0
Total Use of Resources	13,668	13,618	13,654	12,312	11,974	11,689
B Spending Levels						
(i) Budget	14,884	14,834	15,446	15,214	15,510	15,690
New Homes Bonus	-1,216	-1,216	-1,563	-1,913	-1,973	-2,000
<i>Savings Target 2015/16</i>			1,005			
<i>Savings Achieved to date (included above)</i>			-776			
Savings Identified 2015/16			-229	-229	-229	-229
Savings Identified 2016/17				-42	-42	-42
Savings Identified 2017/18						
Budget after efficiency savings	13,668	13,618	13,654	13,030	13,266	13,419
Funding Gap - In Year			0	718	574	438
Total Cumulative Funding Gap			0	718	1,292	1,730
C Council Tax Increase			1.9%	1.9%	1.9%	1.9%
D Forecast Balances						
(i) General Fund	2,830	2,880	2,380	2,380	2,380	2,380

Assumptions

- Council Tax base increase 2015/16 1.32%, 2016/17 onwards 0.75%
- Government Support - 2015/16 as per Finance Settlement
Further anticipated CSR Reductions 2016/17 onwards of 10% per annum

APPENDIX C

CAPITAL PROGRAMME AND FUNDING 2015/2018

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
CURRENT FORECAST EXPENDITURE	3,529	2,241	823	717
RESOURCES AVAILABLE				
General Fund Resources				
Capital Grants	1,238	493	393	393
Usable Capital Receipts	800	335	135	135
Reserves used to fund Capital	501	62	0	0
Section 106 Contributions	34	0	0	0
Total Resources	2,573	890	528	528
In Year Funding Requirement	956	1,351	295	189
Usable Capital Receipts Reserve				
Balance B/fwd 1.4.2014	(2,719)			
Uncommitted Resources/Funding Deficit before potential future Capital Receipts	(1,763)	(412)	(117)	72
Potential Future Capital Receipts	-	(224)	(980)	(1,250)
Funding available/shortfall assuming future potential Capital Receipts received	(1,763)	(636)	(1,321)	(2,382)
<i>Future potential capital projects</i>				<u>1,679</u>

CAPITAL PROGRAMME SUMMARY 2015 - 2018

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders
Leisure Centres								
1 George Campbell Leisure Centre Improvements	853				853	636	217	Sport England
2 Essential Buildings Safety Improvements	35				35	35		
Regeneration Programmes								
3 Fenland Renaissance and Place Shaping	93				93	74	19	Section 106
4 Heritage Lottery Fund - Match Funding bid			150		150	150		
Car Parks								
5 Woolpack Lane, Whittlesey	129				129	129		
6 Darthill Road, March	20				20	20		
Cemeteries								
7 St. Peters Church gardens, Wisbech - Wall Restoration	10				10	10		
8 Cremation plot improvements (gravel surrounds) in New Road / Whittlesey / Eastwood / Mount Pleasant	15				15	15		
9 Chatteris - New Road Cemetery pathways	15				15	15		
10 Whittlesey Cemetery Roadway	15				15	15		
Parks and Open Spaces								
11 Parks and Open Spaces Pathway Improvements	40	25			65	65		
12 Whittlesey Play Area	20				20	20		
Highways								
13 Street Light Improvements - FDC		197			197	197		
14 Street Light Improvements - Parishes (Category1)	30	62			92	92		
15 Safety Lighting	55				55	45	10	Cambs County Council
16 Street Name Plates/District Facilities Signage		24			24	24		
17 Footbridge, High Street March		27			27	27		
18 Relocate Whittlesey Bus Terminal/Toilets	387	100			487		487	Cambs County Council
Port								
19 Mooring & Fuelling Facilities, Sutton Bridge	27	200			227	227		
Vehicles and Plant								
20 Vehicles	115	339	165	209	828	828		
Office Refurbishments								
21 Whittlesey Community Hub	26				26	26		
22 Premises safety improvements		100			100	100		
ICT System Replacement Programme & Upgrades								
23 Replacement & Upgrade Programme	148	75	75	75	373	373		
Sub -Total	2,033	1,149	390	284				

CAPITAL PROGRAMME SUMMARY 2015 - 2018

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders
B/FWD	2,033	1,149	390	284				
Improvement of Assets								
24 Sewage Treatment Works Refurbishment	164	220			384	384		
25 Mini-Factories Refurbishment		45			45	45		
26 Energy Plan - Invest to Save Projects	92				92	92		
Public Conveniences								
27 Modernisation of 4 facilities		39			39	39		
Travellers Sites								
28 Modernisation Programme	265				265	265		
Community Fund								
29 March Athletics Club		8			8	8		
Rural Community Fund								
30 Christchurch Parish Council - Sports Pavilion		100			100	100		
31 Thorney Toll Village Hall Cttee - Village Hall Renovations	3				3	3		
32 Parson Drove Emmanuel Church - Refurbishments	9				9	9		
33 Coates Athletic Football Club - Changing Facilities	50				50	50		
34 Tydd St Giles Parish Council - Play Area	15				15	15		
Community Safety								
35 CCTV - Chatteris Underpass	15				15		15	Section 106
Private Sector Housing Support								
36 Private Sector Renewal Grants	51	40	40	40	171	171		
37 Disabled Facilities Grants	640	640	393	393	2,066	459	1,607	Govt Grant
38 External Solid Wall Insulation	192				192	0	192	Govt Grant
Total - Current Approved Programme	3,529	2,241	823	717	7,310	4,763	2,547	

CAPITAL PROGRAMME SUMMARY 2015 - 2018**Future Strategic Allocations**

	£000
Leisure Centres	
1 Chatteris Leisure Facilities - contingency	900
2 George Campbell Leisure Centre - Improvements	221
Regeneration Programmes	
3 Tourism Initiatives	75
Port	
4 Moorings & Fuelling Facilities, Sutton Bridge - Contingency	200
Rural Community Fund	
5 Contingency	203
Market Towns Fund	
6 Contingency	80
TOTAL - Future Strategic Allocations	1,679