

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Delivering a Sustainable Budget 2016/17 - Update	
Report No:	PAS/FH/15/035	
Report to and date/s:	Performance and Audit Scrutiny Committee	25 November 2015
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Lead officer:	Joanne Howlett Acting Head of Resources and Performance Tel: 01284 757264 Email: joanne.howlett@westsuffolk.gov.uk	
Purpose of report:	The purpose of this report is to update members on progress made towards delivering a balanced budget for 2016/17.	
Recommendation:	It is <u>RECOMMENDED</u> that, members <u>note</u> the progress made on delivering a balanced budget for 2016/17.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	PAS/FH/15/025 - Delivering a sustainable Budget 2016-2017	
Alternative option(s):	Not applicable	

Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> •	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> • The Local Government Finance Act 1988 (Sc 114)-requires the chief finance officer to report to councillors if there is or is likely to be an unbalanced budget.	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> • To be considered as part of implementation of service changes	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Savings projections are not achieved resulting in budget deficit.	Medium	Budgetary control, including reporting of variances to members. Use of general fund reserves to cover budget deficits.	Low
The business rate retention scheme under achieving the yield assumed in the MTFS.	High	Work with the Anglia Revenues Partnership team to monitor the position and deliver a realistic forecast.	Medium
Adverse Changes in the assumptions used in the MTFS resulting in a larger budget gap.	Medium	The assumptions are regularly monitored and updated. Use of general fund reserves to cover budget deficits.	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		PAS/FH/15/025 – Delivering a Sustainable Budget 2016-2017	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Position at November 2015

- 1.1.1 Forest Heath continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending. In this context, and like many other councils, we have to make difficult financial decisions.
- 1.1.2 It is essential that the council's financial and budgetary strategies are sufficiently robust to enable it to deliver a sustainable budget position in the short and medium term. This Committee has a key role in the scrutiny of the budget process and proposals for achieving a balanced budget.
- 1.1.3 In September 2015, the Committee received report PAS/FH/15/025 - Delivering a Sustainable Budget 2016-2017 which set out the context of the 2016/17 budget, including details of savings targets, budget assumptions and known pressures for 2016/17.

1.2 Latest Budget Projections

- 1.2.1 **Table 1**, below sets out additional pressures and the progress made to date in achieving the 2016/17 savings target. These are now being incorporated into the budgets, over and above those items brought to members' attention in September 2015 as part of report PAS/FH/15/025.

Table 1: Further savings and budget pressures identified

Description	2016/17 £'000 Pressure / (Saving)
Remaining Budget Gap per report to PASC in September 2015 (PAS/FH/15/025)	471
<u>Budget Saving Proposals</u>	
Income generation Rent a Roof	(84)
Income generation Rental income-Omar Homes	(27)
Collection Fund improved recovery	(54)
Housing Benefit Changes	(62)
Vehicles savings including fuel	(37)

<u>Further pressures identified</u>	
Changes identified from review of Planning Income budgets	32
Reduction in Interest receipts due to revised assumptions and capital programme	7
<u>Additional Pressures mitigated</u>	
Organic waste Brown Bins	(174)
<u>Other minor changes</u>	(17)
Remaining Budget Gap	55

- 1.2.2 The above table shows that we currently have a small budget gap for Forest Heath District Council in 2016/17. We are confident that other proposals we are still finalising will close this.
- 1.2.3 The above table includes an assumption of a Council Tax freeze for 2016/17. However, this part of the budget setting process is subject to a Full Council decision on 24 February 2016.

The position is also prior to communication of the Finance Settlement announcement in December 2015 and could therefore change as a result. These figures are also subject to final calculation of the tax base.

2. Additional supporting information (if required)

- 2.1 None