

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Delivering a Sustainable Budget 2015/16 - Update	
Report No:	PAS/FH/15/005	
Report to and dates:	Performance and Audit Scrutiny Committee	29 January 2015
	Cabinet	17 February 2015
	Council	27 February 2015
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Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	The purpose of this report is to update members on progress made towards delivering a balanced budget for 2015/16.	
Recommendation:	It is RECOMMENDED that members note the progress made on delivering a balanced budget for 2015/16.	
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:	<ul style="list-style-type: none"> PAS/FH/14/008 - Delivering a sustainable Budget 2015-2016 and Budget Consultation Results 	

Alternative option(s):		• Not applicable	
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As detailed in the body of this report	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		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 equality implications? <i>If yes, please give details</i>		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/14/008 - "Delivering a sustainable Budget 2015-2016 and Budget Consultation Results" https://democracy.westsuffolk.gov.uk/documents/s3514/Report%20-%2014.11.26%20-%20Delivering%20a%20Sustainable%20Budget%202015-16%20and%20Budget%20Consultation%20Results.pdf	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Position at January 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 November 2014, the Committee received report PAS/FH/14/008- Delivering a Sustainable Budget 2015-2016 and Budget Consultation Results which set out the context of the 2015/16 budget, including details of savings targets, budget assumptions and known pressures for 2015/16. The report also detailed the result of the recent Council budget consultation.

1.2 Latest Budget Projections

1.2.1 **Table 1**, below sets out additional pressures and the progress made to date in achieving the 2015/16 savings target. These are now being incorporated into the budgets, over and above those items brought to members' attention in November 2014 as part of report PAS/FH/14/008.

Table 1: Further savings and budget pressures identified

Description	2015/16 £'000 Pressure / (Saving)
Remaining Budget Gap per report to PASC in November 2014 (PAS/FH/14/008)	72
<i>Further Savings Identified</i>	
Further changes to Housing Benefit payment assumptions, subsidy income and overpayment bad debt provision	(94)
Additional council tax income following approved tax base increase for council tax setting purposes, Cabinet report CAB/FH/14/007	(20)
Changes to Formula Grant – provisional settlement	(10)
Further reduction in Anglia Community Leisure management fee, following final negotiations (Total of £102k reduction from 2014/15 fee level)	(9)
<i>Further Pressures Identified</i>	
Net effect of council tax freeze for 2015/16 – budget assumption only – Subject to Full Council at its meeting of 24 February 2015 <i>see paragraph 1.2.2 below</i>	22
Repairs and maintenance costs associated with play areas	23
Other minor budget changes	16
Final Budget Gap	0

- 1.2.2 The above table provides for a balanced budget position for Forest Heath District Council in 2015/16. This includes an assumption of a Council Tax freeze for 2015/16. However, this part of the budget setting process is subject to a Full Council decision on 27 February 2015.
- 1.2.3 The above table assumes no savings for the Mildenhall bus station building. As reported to Committee in November, a marketing exercise has been carried out and a number of options are still being explored. Decisions relating to the bus station building will be subject to further consideration in due course.