

**COUNCIL**  
**24<sup>TH</sup> FEBRUARY 2016**

**RECOMMENDATIONS OF CABINET ON THE BUDGET 2016/17**

EX/42 **The 2016/17 Budget and the Medium Term Financial Strategy to 2019/20**

The Leader reminded Members that this was the Director of Corporate Resources' last meeting before she left to take up her new post at West Sussex County Council. He therefore took the opportunity of thanking her for all her hard work over the last four years and wishing her well in her new role.

The Director of Corporate Resources presented a report which set out details of the proposed 2016/17 revenue and capital budgets and reviewed the Medium Term Financial Strategy. It was noted that the Council was able to set a balanced budget for 2016/17.

Owing to the continuing drive to reduce Government debt, the pressure on Council finances remained strong and the Comprehensive Spending Review in the Autumn Statement in November 2015 had made it clear that the policy to significantly reduce funding to local authorities would continue. The settlement in December 2015 had confirmed a 23.9% reduction in Settlement Funding Allocation in 2016/17 and a 62.3% cumulative reduction by 2019/20 when compared to funding of £3,549,000 in 2015/16. The current estimate for the future deficit for the Council was approximately £1,500,000 for 2017/18, rising to £2,400,000 in 2018/19 and approaching £3,900,000 in 2019/20.

The Council expected to deliver savings and income generation to tackle the deficit over the period 2017/18 to 2019/20 through a combination of a range of measures including a refreshed operating model, commissioning, shared services, procurement, income generation and other efficiency measures. In addition, consideration would need to be given to the possibility of some reductions to discretionary services.

The report also set out a series of prudential indicators that were a statutory requirement to demonstrate that the Council's capital programme was affordable and prudent in the context of the Council's overall finances. In accordance with Section 25 of the Local Government Act 2003, the Director of Corporate Resources also reported on the robustness of estimates and the adequacy of reserves.

Details of the provisional funding available for a four year settlement had been announced in the Local Government Finance Settlement on 17<sup>th</sup> December 2015. It was noted that the Government had qualified the offer by stating that final grant determinations in future years would still be subject to change. The Government had not yet indicated how Councils were to request the four year settlement or details of the efficiency plans required. Once these details were known a decision on whether or not to accept the settlement would need to be made. It was proposed that this decision should be delegated to the Cabinet Member for Finance and Assets, in consultation with the Section 151 Officer.

The report was based on the assumption that, after five years without an increase, Council Tax would be increased by 1.2% in 2016/17, reflecting RPI to December 2015, which would increase the Council Tax from £135.54 to £137.17 for a Band D property.

As a result of the changes to council tax benefits, the tax base of the unparished area had reduced in 2013/14. To ensure comparability with the funding of the parishes, an element of the Council Tax Support Grant (£6,148) needed to be attributed to the unparished area. It was currently proposed that the Special Charge for 2016/17 should be set at £23.93, raising a sum of £264,762. This, with the addition of the grant, would be sufficient to fund the proposed Special Expenses. A small increase in the special charge had been discussed with the Neighbourhood Councils in November 2015 and January 2016.

Cabinet Members supported the proposals in the report and expressed their thanks to officers for their efforts in delivering a balanced budget for 2016/17.

The Director of Corporate Resources responded to questions regarding New Homes Bonus and business rates.

The Leader confirmed that, whilst it would be possible for the Council to raise Council Tax by £5 for a Band D property in 2016/17, an increase of only 1.2% was being proposed in accordance with the Conservative pledge at the last elections that any rise would be no more than RPI.

#### **RECOMMENDED**

- (i) That the level of Council Tax for 2016/17 be increased from £135.54 by 1.2% to £137.17 at Band D.**
- (ii) That the net revenue budget for 2016/17 of £12.55m be approved, as submitted.**
- (iii) That Special Expenses of £270,909 and a Band D charge of £23.93 be agreed in respect of the unparished area for 2016/17.**
- (iv) That the capital programme for 2016/17 be approved as submitted and that the indicative capital budgets in the programme for future years be noted.**
- (v) That the projected future deficits on the revenue account be noted and the Medium Term Financial Strategy continue to be reviewed and refined to ensure that decisions are taken to develop a balanced budget in 2017/18 and subsequent years.**
- (vi) That the Minimum Revenue Provision Statement be approved, as submitted.**

- (vii) That the prudential indicators and limits for 2015/16 to 2018/19 be approved, as submitted.**
- (viii) That the statement on the robustness of the level reserves be noted.**
- (ix) That a further £2,000,000 of New Homes Bonus Reserve be allocated towards the Broadbridge Heath Leisure Centre capital project.**
- (x) That the decision to accept the proposed four year settlement be delegated to the Cabinet Member for Finance and Assets, in consultation with the Section 151 Officer, once the detail of the four year settlement has been finalised and the results of the consultation announced.**

#### **REASON**

**To meet the Council's statutory requirement to approve the budget and the prudential indicators before the start of a new financial year.**