

## WEST DEVON BOROUGH COUNCIL

<b>NAME OF COMMITTEE</b>	<b>Council</b>
<b>DATE</b>	<b>17 February 2015</b>
<b>REPORT TITLE</b>	<b>Revenue and Capital Budget Proposals for 2015/16 to 2018/19</b>
<b>Report of</b>	<b>Finance Community of Practice Lead</b>
<b>WARDS AFFECTED</b>	<b>All</b>

**Summary of report:** To update Members on the revenue budget position for the year 2015/16 and a forecast for the four years to 2018/2019. The forecast is intended to provide a framework within which decisions can be made regarding the future service provision and council tax levels whilst building an approach that guarantees West Devon Borough Council's longer term viability.

**FINANCIAL IMPLICATIONS:**

The estimated budget gaps are as follows: (As per Appendix B1)

2015/16	£ 567,710
2016/17	£ (1,134,408)
2017/18	£ 336,505
2018/19	£ 252,289

This gives a cumulative 4 year budget gap of £22,096.

**RECOMMENDATIONS:**

It is recommended that:

- (i) In order to set a balanced budget for 2015-16:

## EITHER

- an increase in Council Tax of 1.9% is agreed (which equates to a Band D council tax of £208.39 for 2015/16, an increase of £3.89 per year or 7 pence per week). This option equates to a Council Tax requirement of £4,054,644 (as shown in Appendix B1)

## OR

- A Nil increase in Council Tax is agreed (the Band D Council Tax for West Devon Borough Council will remain at £204.50 for 2015/16) and the Council will accept the Council Tax Freeze Grant being offered by the Government of £42,237. This option equates to a Council Tax requirement of £3,978,957 (as shown in Appendix B2)

- (ii) The financial pressures in Appendix A of £484,400 are accepted
- (iii) The proposed savings of £148,700 set out in Appendix A are adopted
- (iv) The Collection Fund surplus of £60,589 be agreed
- (v) An additional £567,710 (if council tax is increased by 1.9% as per Appendix B1) or £601,160 (if council tax is frozen as per Appendix B2) of New Homes Bonus Grant is used to balance the 2015-16 Budget. (This is in addition to the £657,059 of New Homes Bonus already built into the budget assumptions to be used for 2015-16).
- (vi) The Total Net Expenditure of the Council for 2015/16 is £8,134,325 (Appendix B1 and B2)
- (vii) The 2015/16 Capital Programme projects totalling £451,000 as per 8.1 is approved
- (viii) The 2015/16 Capital Programme of £451,000 is financed by using £212,000 of New Homes Bonus funding and £239,000 of Government grant (as per 8.1).
- (ix) The Council transfers £2,610 of its allocation of New Homes Bonus for 2015/16 to an Earmarked Reserve called 'Community Investment Fund – Dartmoor National Park', to be applied for and drawn down by Dartmoor National Park as required. This amount is a one-off payment and the position will be considered annually by the Council as part of the budget process. The condition is that this is for use within the boundaries of the Borough Council only.
- (x) The Council Tax Support Grant of £87,285 be passed onto Town and Parish Councils. (This is a reduction of 15% from 2014/15) as per Appendix E.
- (xi) The minimum level of the Unearmarked Revenue Reserves be maintained at £750,000 as per Section 7.
- (xii) The level of reserves as set out within this report and the assessment of their adequacy and the robustness of budget estimates be noted. This is a requirement of Part 2 of the Local Government Act 2003

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## 1. BACKGROUND

1.1 The purpose of this report is to offer a way forward to address the 2015/16 budget gap of between **£567,710 and £601,160** (depending on which council tax option is approved) and to build an approach that guarantees West Devon Borough Council's longer term viability.

1.2 On 7 October 2014 the Resources Committee considered a report on the Medium Term Financial Strategy. Minute RC12 from the meeting is below:-

It was then **RESOLVED** that Council be **RECOMMENDED** to consider the following 'minded to' views in order to guide the 2015/16 budget process:

(i) The level of council tax increase should not be above 1.9%;

The use of New Homes Bonus to support the revenue budget be agreed (final amount to be agreed as part of the budget process);

The amount of Council Tax Support Grant to be passed on to Parish and Town Councils should be reduced by the same amount that the Borough Council's Government Grant is reduced by;

and other budget savings and income generation to be looked for and considered;

(ii) The Council's policy should remain as recommending a minimum level of unearmarked revenue reserves of £750,000.

1.3 Since that meeting, a number of events and announcements have taken place which impact upon the financial position of the authority and the budget gap going forward. These are summarised below:

- The Chancellor's Autumn Statement of 3 December 2014 and the Local Government Finance Settlement announced on 18 December 2014.
- The receipt of monitoring information from the "Localisation of Business Rates" initiative introduced by the Government on 1 April 2013. Members will be aware that the yield from business rates now forms an integral part of the new Government Grant system.
- Council approval of the revised business case for the Transformation Programme on 9th December 2014 (T18) – (Minute CM 62)

1.3 Accordingly, the assumptions for financial modelling purposes have been reviewed and the budget gap revised. For 2015/16 the gap is £567,710 (Appendix B1) or £601,160 (Appendix B2).

- 1.4 On 3<sup>rd</sup> February 2015 the Resources Committee considered a report on the Revenue and Capital budget proposals for 2015/16 to 2018/19. Members voted unanimously to recommend to Council a 1.9% increase in council tax.

## 2 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSE

- 2.1 A two year pay award, covering the financial years 2014/15 and 2015/16 has recently been agreed. The main part of what is a complex settlement comes into effect on 1 January 2015. The initial indications are that it will add around 2.2% to our pay bill.
- 2.2 Average inflation will run at 2% over the four year period. A cost pressure of £15,000 has been included for 2015/16 and £60,000 in subsequent years. This is partly to allow for an expected increase in business rates from the revaluation due in 2017.
- 2.3 The predicted interest rate forecast from our treasury management advisors, Sector, is shown below.

	NOW	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
BANK RATE	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.75	1.75	2.00

The interest rate return for our investments will average 0.6 % for 2015/16 rising to 2.25% in 2018/19 as shown below:-

2015/16	-	0.60%
2016/17	-	1.25%
2017/18	-	1.75%
2018/19	-	2.25%

- 2.4 Two scenarios have been modelled for council tax purposes. The financial modelling in Appendix B1 assumes a Band D council tax increase of 1.9% to £208.39 (the current Band D council tax for 2014/15 is £204.50). The financial modelling in Appendix B2 assumes that council tax is frozen for 2015/16.

## 3. GOVERNMENT FUNDING

- 3.1 Our Settlement Funding Assessment in 2014/15 was £3.18 million and this has been reduced to £2.71 million which is a reduction of £470,000 (14.7%). This was in line with what we expected. This is a one year settlement for 2015/16 only and the figures announced are now final. A Council's SFA is equal to the Revenue Support Grant plus the Council's baseline funding level for Business Rates.

- 3.2 West Devon had a reduction in funding of 14.7%. The average for Shire District Councils was 15.3%. The cut announced in this settlement brings the total reduction in core government funding to Councils since 2010 to 40 per cent. Over this period councils will have made £20 billion worth of savings.
- 3.3 The Council provided evidence to a study, commissioned by the Government, into the cost of providing services in rural areas. Our work on this has paid dividends as the Government has increased the rural funding in the finance settlement from £11.5 million to £15.5 million. West Devon's share of this is just under £90,000.

### **Business Rates**

- 3.4 We budget for our share of the Business Rates separately using statistical data. The Council will receive a separate grant to compensate for the measures announced in the 2014 Autumn Statement, namely:
- The Government has capped the increase on business rates to 2% for 2015/16
  - A £1,000 discount for all retail, pubs, cafes (excluding banks and betting offices) with rateable values below £50,000 will be increased to £1,500 for 2015/16. The Council will be refunded this amount by the Government. There are approximately 360 businesses in West Devon receiving retail relief who would be eligible to receive the increased discount.
- 3.5 Alongside the finance settlement, we have received notification that a new Business Rates Pool will be established for 2015/16 of all Devon Authorities, excluding South Hams.

### **Council Tax Referendum Limit**

- 3.6 The Government has announced that council tax increases of 2 per cent or over will be subject to a council tax referendum.

### **Council Tax Freeze Grant**

- 3.7 The 1% Council Tax Freeze Grant offer for 2015/16 was re-affirmed. The indicative Council Tax Freeze Grant for 2015/16 is £42,237. Ministers have agreed that the funding for the 2015-16 freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing council tax will remain available.

## **New Homes Bonus**

- 3.8 We have received notification that our NHB allocation will be £1.5 million for 2015/16, which is over £40,000 more than the estimate of £1.46 million shown in the Budget report presented to the Resources Committee on 2 December 2014. The notification of the actual NHB allocation is following actual data from the Council's council tax system being submitted to DCLG in line with the required timescales. New Homes Bonus is discussed in detail in Section 6.

## **4. CHANGES FROM THE LAST BUDGET REPORT**

- 4.1 The Financial Strategy for 2015/16 to 2018/19 was presented to the Resources Committee on 2<sup>nd</sup> December 2014. Since that report, there have been several changes affecting the Budget gap for 2015/16 as detailed below.
- 4.2 Detailed modelling has been undertaken on the Council's income from Business Rates under the new Localised scheme. Latest predictions have decreased the income predicted from business rates for 2015/16 by £17,000. By contrast, the Finance Settlement confirmed that the Council will receive an extra £42,600 in Revenue Support Grant than was estimated.
- 4.3 The Taxbase calculation for 2015/16 has been confirmed at 19,457 Band D Equivalent properties. The Taxbase calculates how many Band D equivalent properties council tax can be charged to.
- 4.4 **Recycling of garden and leaf collections** - Officers have negotiated with Devon County colleagues on the risk highlighted in our risk register around the withdrawal from the payment of recycling credits in respect of above materials. The cost pressure has been reduced to £27,200 in 2015/16 and £44,200 in 2016/17.
- 4.5 **New Glass Recycling Banks** – A one off cost pressure of £8,000 has been added to purchase three new glass recycling banks.
- 4.6 **Housing Benefit Administration subsidy grant** – We have received notification from DCLG in December that our Housing Benefit Administration subsidy will reduce from £280,000 in 2014/15 to £246,000 in 2015/16 – a reduction of £34,000.
- 4.7 **Elections** – An estimate of £50,000 has been provided for in the modelling for the cost of Elections in 2015/16. This is a one-off cost and has been built into the modelling as a one off cost pressure in view of the complexity of the elections in May 2015, involving Parliamentary, Borough, and town/parish polls, in tandem with implementing changes to ward boundaries arising from the Boundary Committee's decisions. The Council's funding will be supported by a grant from government for the national elections but the final sum has not yet been confirmed.

- 4.8 **New Governance Arrangements** – A cost pressure of up to £28,000 has been built into the financial modelling to reflect the need for an extensive review to be carried out into the Scheme of Members Allowances. This review will be undertaken by a newly appointed Independent Remuneration Panel and in light of the decision of Council on 9 December to revise the Council’s governance arrangements (Minute CM 65 refers). This amount has been built in as a precautionary estimate, since a revised Scheme may well include provision for additional roles to be able to claim a Special Responsibility Allowance (e.g. those lead Members on the new Hub Committee).
- 4.9 At the Resources Committee meeting of 2<sup>nd</sup> December 2014, it was **RESOLVED** to request that a report be presented to the Overview and Scrutiny Committee setting out details of the TAP Fund process and how it was monitored. A report will be taken to the March 2015 meeting. Payments are made retrospectively on completion of a claim form with details of how funds have been spent and the production of evidence of spend. Details of grants allocated are published on the website. Interim or upfront payments are only made in exceptional circumstances and on production of evidence requiring payment.
- 4.10 Council approved the revised business case for the Transformation Programme on 9th December 2014 (T18) – (Minute CM 62). The revised business case has increased the savings available in 2016/17 by just under £400,000.

## 5. **OVERALL POSITION – BUDGET GAP**

- 5.1 Appendices B1 and B2 illustrate the overall financial forecast for the forthcoming four years. Although the Council’s Net Budget is in the region of £8.1 million, the Gross Expenditure of the Council is around £26 million. The Council’s Net Budget has increased by approximately £300,000 from £7.8 million in 2014/15 to £8.1 million in 2015/16. This is due to the fact that the budget pressures are over £300,000 higher than the level of savings as shown in Appendices B1 and B2.
- 5.2 A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the different situation if the Council Tax is increased by 1.9% (shown in Appendix B1) and if the Council Tax Freeze Grant is taken and Council Tax is frozen (shown in Appendix B2). A 1% increase in Council Tax generates an extra £39,800 in extra income per annum.

- 5.3 The report sets out an anticipated budget gap for 2015-2016 of **£567,710** if Council Tax is increased by 1.9% as per Appendix B1. The budget gap increases to **£601,160** as per Appendix B2, if the Council Tax freeze grant is taken instead and Council Tax is frozen for 2015/16.

<b><i>Budget Gap if Council Tax is increased by 1.9% for 15/16</i></b>	<b>Amount (£)</b>
Net Base Budget for 2015/2016	8,134,325
Total projected income	(7,566,615)
<b>CURRENT BUDGET GAP (Appendix B1)</b>	<b>567,710</b>

<b><i>Budget Gap if Council Tax is frozen for 15/16</i></b>	<b>Amount (£)</b>
Net Base Budget for 2015/16	8,134,325
Total projected income	(7,533,165)
<b>CURRENT BUDGET GAP (Appendix B2)</b>	<b>601,160</b>

- 5.4 The savings from T18 in 2015/16 are not available to put towards the budget gap in 2015/16, as the savings are needed to pay for the investment costs in 2015/16.
- 5.5 **The table of New Homes Bonus in 6.2 shows that there is currently £631,013 of New Homes Bonus funding available to fund the Budget Gap for 2015/16. Therefore it is recommended that an additional £567,710 (if council tax is increased by 1.9% as per Appendix B1) or £601,160 (if council tax is frozen as per Appendix B2) of New Homes Bonus Grant is used to balance the 2015-16 Budget. (This is in addition to the £657,059 of New Homes Bonus already built into the budget assumptions to be used for 2015-16).**
- 5.6 Therefore if council tax is increased by 1.9%, the Council will be using £1.225 million of New Homes Bonus to fund the Revenue Budget in 2015-16. This figure is £1.258 million if council tax is frozen in 2015-16. In 2016-17, the savings from the Transformation Programme will mean that the Council will be able to reduce the extent to which NHB is used to fund the Council's Revenue Budget.
- 5.7 **Income Generation** – Over the past few months the Council has explored ways to generate new income for the Council. The Income Generation Working Group has met on a number of occasions to look at ways of generating additional income. A report was presented to Council on 7<sup>th</sup> October 2014 regarding the creation of a local authority trading company, which provides more detail (Minute CM 47).



## COUNCIL TAX

5.8 Council Tax – The Council Tax for the last two years is detailed below.

<b>Precepting Authority</b>	<b>Band D Council Tax 2013/14</b>	<b>Band D Council Tax 2014/15</b>	<b>£ Increase</b>	<b>% Increase</b>
Devon County Council	£1,116.36	£1,138.59	£22.23	1.9913%
West Devon Borough Council	£200.69	£204.50	£3.81	1.9%
Devon & Cornwall Police & Crime Commissioner	£162.92	£166.16	£3.24	1.99%
Devon & Somerset Fire & Rescue	£75.39	£76.89	£1.50	1.99%
Average Parish /Town Council	£55.62	£57.31	£1.69	3.04%
<b>TOTAL</b>	<b>£1,610.98</b>	<b>£1,643.45</b>	<b>£32.47</b>	<b>2.02%</b>

5.9 In Appendix B1, a Council Tax increase of 1.9% for 2015/16 is assumed. This would result in the West Devon element increasing to £208.39 for 2015/16, an increase of £3.89 per year or 7 pence per week. This generates additional council tax income of £76,000.

5.10 In Appendix B2, it is assumed that the Council will freeze Council Tax and the West Devon element of the Council Tax will remain at £204.50 for 2015/16 and the Council will accept the Council Tax Freeze Grant being offered by the Government of £42,237. (Details of the Freeze Grant are given in 3.7 of this report).

## 6. NEW HOMES BONUS (NHB)

6.1 The table below shows an estimate of New Homes Bonus for the next five years. The Chancellor has confirmed in December that no top-slice will now apply from 2015/16 onwards, following responses to the Government consultation.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
2011/12	323,920	323,920	323,920	323,920		
2012/13	568,622	568,622	568,622	568,622	568,622	
2013/14	133,255	133,255	133,255	133,255	133,255	133,255
2014/15		222,997	222,997	222,997	222,997	222,997
2015/16			248,975	248,975	248,975	248,975
2016/17 – estimated 200 properties				251,680	251,680	251,680
2017/18 – estimated 200 properties					251,680	251,680
2018/19 – estimated 200 properties						251,680
New Homes Bonus returned (See Note 1 below)	12,203	4,963	4,913			
<b>Forecast NHB</b>	<b>1,038,000</b>	<b>1,253,757</b>	<b>1,502,682</b>	<b>1,749,449</b>	<b>1,677,209</b>	<b>1,360,267</b>

Note 1 – New Homes Bonus (NHB) is top-sliced from Revenue Support Grant in advance. If the actual NHB allocations that Councils receive is less than the amount that has been top-sliced in advance, the Government return the unused element of the top-slice to Councils after the allocations to Councils have been made. The figures shown in this line is West Devon's share of the returned NHB.

## 6.2 NEW HOMES BONUS (NHB) – PROPOSED USE OF NHB

The table below shows the proposed use of New Homes Bonus:

	2013/2014 £	2014/2015 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Amount receivable	1,038,000	1,253,757	1,502,682	1,749,449	1,677,209	1,360,267
Less: T18 allocation (Council 4 <sup>th</sup> Nov)	(600,000)					
To fund current Revenue Budget *	(353,076)	(657,059)	(657,059)	(657,059)	(657,059)	(657,059)
To fund the Capital Programme (as per 8.1)		(555,000)	(212,000)	(412,000)	(412,000)	(412,000)
Dartmoor National Park contribution – See Note 2 below	(12,912)	(5,776)	(2,610)	(20,362)	(28,146)	(111,227)
<b>Balance remaining (not committed)</b>	<b>72,012 Plus 27,292 from 2012/13</b>	<b>35,922</b>	<b>631,013</b>	<b>660,028</b>	<b>580,004</b>	<b>179,981</b>

**\*Currently assumes use of NHB to support the revenue budget at the 14/15 level**

Note 1 – The NHB balance uncommitted is £631,013 in 2015/16. If council tax is increased by 1.9%, a further £567,710 of New Homes Bonus would be needed to support the Revenue Budget. This option would leave £63,303 of New Homes Bonus uncommitted (this is £631,013 as above less the amount of £567,710 to support the Revenue Budget).

Alternatively if council tax is frozen, a further £601,160 of New Homes Bonus would be needed to support the Revenue Budget. This option would leave £29,853 of New Homes Bonus uncommitted (this is £631,013 as above less the amount of £601,160 to support the Revenue Budget).

## Dartmoor National Park (DNP)

Note 2 - DNP have requested a share of the New Homes Bonus to reflect new homes delivered within the park. DNP would like NHB money to be used to support a local community fund and, for example, joint work through the rural housing enabler. The New Homes Bonus legislation says that Councils are expected to negotiate with National Park Authorities to recognise their role as the sole local planning authority for their area in granting planning permissions and that the Councils should reach an agreement and split the funding from NHB at a locally determined rate.

Members considered this as part of the Budget process for 2014/15 and the following system is in place:-

- A one off payment is to be agreed on an annual basis based on actual completions.
- The allocation received by DNP are to be spent only within those parishes falling within the boundaries of the Borough Council.
- The agreed sum is transferred to an Earmarked Reserve called 'Community Investment Fund – Dartmoor National Park' and the DNP make an annual application to draw down funds as required in line with the process agreed for that fund.

## 7. EARMARKED AND UNEARMARKED RESERVES

7.1 The Council's policy is to retain Unearmarked Revenue Reserves of £750,000. The Council's Net Budget will increase to £8.1 million in 2015/16. In spite of the budget increase, it is still recommended to retain the same policy of a minimum level of Unearmarked Reserves of £750,000, in view of the level of savings from the Transformation Programme in 2016/17.

The Unearmarked General Fund Revenue Reserve balance at 31<sup>st</sup> March 2014 was £953,000 and the Earmarked Reserves balance was £1,832,000. This gave total Revenue Reserves of £2,785,000. The predicted earmarked and unearmarked reserves for 2014/15 is shown below:-

	<b>£'000</b>
General Reserves balance as at 31 <sup>st</sup> March 2014	953
Earmarked Reserves	1,832
Predicted movement in Earmarked Reserves (Appendix C)	(1,329)
<b>Total Predicted Reserves as at 31<sup>st</sup> March 2015</b>	<b>1,456</b>
(Unearmarked Reserves of £953,000 and Earmarked Reserves of £503,000 as shown in Appendix C)	

7.2 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the uncommitted balance is adequate for its purpose. The Earmarked Reserves were reviewed as part of the year end close down and £13,000 was transferred into the general reserve of the Council. A schedule of predicted Earmarked Reserves for 14/15 is shown in Appendix C. Earmarked Reserves are predicted to be £503,000 at the end of March 2015.

**8. CAPITAL PROGRAMME 2015/16 to 2018/19**

8.1 The table below shows the proposed Capital Programme for 2015/16 and projected figures to 2018/19:

	<b>2015/2016</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Tenants Incentive Scheme (TIS)	15,000	15,000	15,000	15,000
Village Halls and Community Projects	36,000	36,000	36,000	36,000
Affordable Housing (see Note 1)	-	200,000	200,000	200,000
Disabled Facilities Grants (see Note 2)	400,000	400,000	400,000	400,000
<b>TOTAL CAPITAL PROGRAMME</b>	<b>451,000</b>	<b>651,000</b>	<b>651,000</b>	<b>651,000</b>
<b>Suggested method of funding the Capital Programme:</b>				
Government Grant funding towards Disabled Facilities Grants (see Note 2)	(239,000)	(239,000)	(239,000)	(239,000)
<b>Potential funding from New Homes Bonus (Required to fund the Capital Programme)</b>	<b>212,000</b>	<b>412,000</b>	<b>412,000</b>	<b>412,000</b>

**Note 1** - The current level of capital funding allocated to the delivery of affordable housing is an annual contribution of £200,000. There is already a budget of £550,000 approved in the Capital Programme for affordable housing. National policies and funding strategies designed to deliver affordable housing have significantly changed in recent years with much greater reliance on the provision of affordable housing without public subsidy, primarily through the planning process. In the circumstances it is proposed not to allocate additional capital funding to this budget in the next financial year 2015/16.

**Note 2** – From 2015/16, the funding for Disabled Facilities Grants will be from the Better Care Fund held by Devon County Council and funding will be passported to District Councils. Provisional allocations for 15/16 show an increase in contributions to £239,000. Following the Informal Council meeting in 2014, a briefing note on the Better Care Fund was circulated to all Members.

8.2 The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.

## 9. LEGAL IMPLICATIONS

9.1 Council is responsible for approving the policy framework and budget within which its Committees operate. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control, which includes these Financial Procedure Rules.

9.2 A recorded vote will be required at the Budget meeting, in accordance with the Council's Standing Orders. This was made mandatory for all Councils by the Government in February 2014.

9.3 Council Procedure Rule 16 states that 'Where a member intends to move a motion or amendment in relation to the Budget, the text of that motion or amendment must be put in writing and submitted to the Head of Paid Service by 9am on the third working day before the meeting, in order that officers may have sufficient time to consider and advise the Council of the financial implications of any such motion or amendment'. This would need to be submitted by 9am on 12th February 2015.

## 10. RISK MANAGEMENT

10.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

## 11. OTHER CONSIDERATIONS

<b>Corporate priorities engaged:</b>	A balanced budget underpins the Council's capacity to delivers its corporate priorities.
<b>Statutory powers:</b>	Local Government Act 1972, Section 151 Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014
<b>Considerations of equality and human rights:</b>	A 360 degree assessment of the equality implications has been carried out and is available on request.
<b>Biodiversity considerations:</b>	None directly related to this report.
<b>Sustainability considerations:</b>	None directly related to this report.
<b>Crime and disorder implications:</b>	None directly related to this report.

<b>Background papers:</b>	<p>Council February 2014 – Medium Term Financial Strategy 2014/15 to 2017/18</p> <p>Resources Committee 3<sup>rd</sup> February 2015 – Revenue and Capital Budget Proposals for 2015/16 to 2018/19</p> <p>Resources Committee 2<sup>nd</sup> December 2014 – Revenue and Capital Budget Proposals for 2015/16 to 2018/19</p>
<b>Appendices attached:</b>	<p>Appendix A – Modelling of the Financial Strategy</p> <p>Appendix B1 – Budget Pressures and Savings (increase council tax by 1.9%)</p> <p>Appendix B2 – Budget Pressures and Savings (freeze council tax)</p> <p>Appendix C – Schedule of Reserves</p> <p>Appendix D – Revenue Budget Analysis</p> <p>Appendix E - Council Tax Support Grant to Town and Parish Councils for 2015/16.</p>

## STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Robustness of medium term financial strategy and service blue-prints	<p>Not achieving financial savings as anticipated</p> <p>External change to the national economic environment which may impact on our funding expectations.</p> <p>Implications of changes to the funding of local government through locally collected business rates and revenue support grant.</p> <p>Effect of the localisation of council tax.</p> <p>Achieving anticipated income targets in the current financial climate.</p>	5+	3	15	↔	<p>Corporate engagement in the development of the medium term financial strategy.</p> <p>Service commitment to business planning processes.</p> <p>Robust horizon scanning to monitor changes in Government policy.</p> <p>The Council will carry out regular monitoring during the financial year to ascertain the effect of the new scheme on the Council's finances. (see Risk No. 2 below)</p> <p>Monitoring of corporate income streams and revenue budgets.</p>	<p>S151 Officer</p> <p>Executive Director</p> <p>Executive Director</p> <p>S151 Officer</p>
2	Income from Business Rates	<p>The figures for income from Business Rates are best estimates at this date (the NNDR1 return forecasts Business Rates for the forthcoming year). Predictions could vary by £50,000.</p>	5	3	15	↔	<p>The position will be monitored by the S151 Officer.</p> <p>The quarterly Revenue Budget Monitoring reports will monitor Business Rates income against projections.</p> <p>Any variances will be highlighted to Members at an early stage.</p>	S151 Officer



No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
		The figures are subject to volatility both from business rating appeals and the economic climate.					The Council is part of a Devonwide Pooling arrangement for business rates.	
3	Setting a lawful budget	Failure of the Council to set a lawful budget	5	1	5	↔	The Budget is compiled in accordance with best practice guidelines issued by CIPFA and the Government. The final budget report includes an assessment from the Section 151 Officer on the adequacy of the Council's reserves and the robustness of the estimates made. The budget process is laid down in the Council's Constitution. Resources Committee and Council meetings are timetabled to meet the Statutory deadlines for setting the Council Tax.	S151 Officer
4	Corporate Priorities	Failure to target budgets to service priorities	5	3	15	↔	Service priorities will be reviewed. Budget reductions include a section on their impact on council priorities and a risk assessment. Adequate levels of appropriately trained staff. Thorough planning and monthly monitoring of performance to management, quarterly to the Resources Committee.	S151 Officer