

WEST DEVON BOROUGH COUNCIL

NAME OF COMMITTEE	Resources
DATE	28 January 2014
REPORT TITLE	Revenue and Capital Budget Proposals for 2014/15 to 2017/18
Report of	Head of Finance & Audit and Chief Accountant
WARDS AFFECTED	All

Summary of report: To provide an updated forecast of the budget situation for the year 2014/15 and an updated forecast for the four years to 2017/2018. 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 main points arising from this report are:

- The gap for 2014/15 is £304,413 (if Council Tax is increased by 1.9%) or £334,697 (if Council Tax is frozen)
- The Government settlement was modestly better than anticipated due to the recognition that sparsely populated rural authorities, such as West Devon, are currently underfunded compared to urban authorities. This added approximately £50,000 to the base budget.
- The Government funding in 2013/14 was £3.649 million and this is being reduced to £3.168 million which is a reduction of £481,000 (13.2%). In 2015/16 there is a further reduction of £488,000 (15.4%) to £2.68 million
- Unearmarked revenue reserves were agreed by Council to be maintained at a level of over £750,000. The Council is predicted to have £970,000 of reserves remaining, even after allocating £200,000 of reserves for the Transformation Programme (T18) investment
- In order to balance the budget for 2014/15 it is proposed to:
 - secure savings of £381,000 as detailed in Appendix A
 - increase Council Tax by 1.9% (7p per week at Band D) or take the Council Tax Freeze Grant and freeze Council Tax for 14/15
 - use more New Homes Bonus, in the short term, to bridge the budget gap

- The Council has made significant progress in also balancing its 2015/16 Budget. In 2016/17 the significant savings from the Transformation Programme (T18) are realised.

RECOMMENDATIONS:

Members are requested to recommend to Council:

- (i) That in order to set a balanced budget for 2014-15:

EITHER*

- an increase in Council Tax of 1.9% is agreed (which equates to a Band D council tax of £204.50 for 2014/15, an increase of £3.81 per year or 7 pence per week). This option equates to a Council Tax requirement of £3,923,435 (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 £200.69 for 2014/15) and the Council will accept the Council Tax Freeze Grant of 1% being offered by the Government. This option equates to a Council Tax requirement of £3,850,338 (as shown in Appendix B2)

- (ii) That the financial pressures in Appendix A of £350,000 are accepted
- (iii) That the proposed savings of £381,553 set out in Appendix A are adopted
- (iv) That an additional £304,413 (if council tax is increased by 1.9% as per Appendix B1) or £334,697 (if council tax is frozen as per Appendix B2) of New Homes Bonus Grant is used to balance the 2014-15 Budget. (This is in addition to the £353,076 of New Homes Bonus already built into the budget assumptions to be used for 2014-15).
- (v) To approve the 2014/15 Capital Programme projects totalling £841,000 as per 7.1.
- (vi) To finance the 2014/15 Capital Programme of £841,000 by using £555,000 of New Homes Bonus funding, £186,000 of Government grant and £100,000 of Capital Resources (as per 7.1).
- (vii) That the Council transfers £18,688 of its allocation of New Homes Bonus for 2014/15 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.
- * The modelling is based on 0.1% below the threshold for Council Tax increases, which is currently 2%. The final threshold for 2014-15 is expected to be announced after the Financial Settlement has been finalised at the end of January.
- (viii) That the Council Tax Support Grant of £103,138 be passed onto Town and Parish Councils. (This is a reduction of 13.66% from 2013/14) as per 4.3.

- (ix) That the minimum level of the Unearmarked Revenue Reserves be maintained to at least £750,000 as per Section 6.1
- (x) That 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 On 17 September 2013, the Resources Committee considered a report on the Medium Term Financial Strategy for 2014/15 to 2017/18 and resolved that;

Members recommend to Council that;

- The Financial Strategy is accepted as a foundation document for the Council’s budget setting process.
- The Council’s policy should be to set a minimum level of unearmarked general revenue reserves of £750,000

1.2 Members have provided a set of “minded to” views in order to guide the 2014/15 budget process;

- a) On the level of Council Tax Support Grant to be passed on to Parish and Town Councils (being the percentage reduction in the Council’s government funding for 2014/15 – currently over 13%)
- b) To increase Council Tax by 1.9%.

2 GOVERNMENT FUNDING

2.1 Our Adjusted Government Grant in 2013/14 was £3.649 million and this is being reduced to £3.168 million which is a reduction of £481,000 (13.2%). In 2015/16 there is a further reduction of £488,000 (15.4%) to £2.68 million.

2.2 The Finance Settlement (December 2013) has announced the following provisional funding position for the Council for 2014/15 and 2015/16 (figures will be confirmed by the Government around the end of January 2014):-

	2014/15(£m)	2015/16 (£m)
Provisional 14/15 settlement	2.960	2.477
Homelessness Prevention Funding	0.049	0.049
Efficiency Support for Services in Sparse Areas	0.054	0.054
Other items	0.105	0.101
Settlement Funding Assessment (SFA)	3.168	2.681

2.3 The finance settlement has given figures for two years, 14/15 and 15/16. In the financial modelling, 15% reductions in the Settlement Funding Assessment have been assumed for 2016/17 and 2017/18.

- 2.4 **Spending Power** - The Minister announced **that local authorities will face an overall reduction in spending power of 2.9%**; and that no local authority would experience a decrease of more than 6.9%. In a similar manner to the previous three years, the government’s headlines focus on comparative figures concerning a local authority’s “revenue spending power” are shown below:-

Spending Power analysis for WDBC	2013-14	2014-15	%change
Council Tax requirement	3,797,000	3,839,000	+1.1%
Business Rates and Revenue Support Grant (Settlement Funding Assessment)	3,649,000	3,168,000	-13.2%
New Homes Bonus	1,026,000	1,249,000	+21.7%
Other items	265,000	302,000	+14.0%
Total reduction in Spending Power	8,737,000	8,558,000	-2.04%

West Devon’s Spending Power figure has decreased by 2.04%. This is less than the 13.2% reduction in Government funding (Business Rates and Revenue Support Grant) due to the fact that Council Tax funding and the New Homes Bonus are included in the Spending Power calculation and these are increasing.

- 2.5 The Government has accepted that based on available evidence, rural areas have been comparatively under-funded. The government has now made an adjustment to recognise the additional costs of delivering services in rural areas and have provided an efficiency support for sparse areas grant worth £9.5 million for the most rural local authorities. For West Devon this represents approximately an additional £50,000 (ESSSA grant – Efficiency Support for Services in Sparse Areas). Unlike previous years, this grant will now form part of the base budget.
- 2.6 In 2014/14, ESSSA will be worth an average of 86p per head in predominantly rural authorities, which is a very small fraction of the gap of £172.68 per head in Government Funded Spending Power between rural and urban authorities.

3. OVERALL POSITION – BUDGET GAP

- 3.1 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 £7.8 million, the Gross Expenditure of the Council is around £27 million.

- 3.2 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).
- 3.3 The report sets out an anticipated budget gap for 2014-2015 of **£304,413** if Council Tax is increased by 1.9% as per Appendix B1. The budget gap increases to **£334,697** as per Appendix B2, if the Council Tax freeze grant is taken instead and Council Tax is frozen for 2014/15.

<i>Budget Gap if Council Tax is increased by 1.9% for 14/15</i>	Amount (£)
Net Base Budget for 2014/2015	7,798,625
Total projected income	(7,494,212)
CURRENT BUDGET GAP (Appendix B1)	304,413

<i>Budget Gap if Council Tax is frozen for 14/15</i>	Amount (£)
Net Base Budget for 2014/2015	7,798,625
Total projected income	(7,463,928)
CURRENT BUDGET GAP (Appendix B2)	334,697

- 3.4 The table of New Homes Bonus in 5.2 shows that there is currently £340,718 of New Homes Bonus funding available to fund the Budget Gap for 2014/15. This is the amount before any share of NHB is agreed for the Dartmoor National Park, so any amount agreed for the DNP will reduce the remaining balance of £340,718 by this amount.

4. MEDIUM TERM CHALLENGE AND CLOSING THE 2014/15 BUDGET GAP

- 4.1 The table in **Appendix A** details the budget gaps for the 2014/15 to 2017/18.
- 4.2 **Council Tax Reduction Scheme** – Following Council Tax Benefit being abolished, Council in December 2013 approved the implementation of a cost neutral local Council Tax Reduction Scheme for 2014/15. This scheme is a discount scheme rather than a state welfare benefit and means that working age claimants will pay a minimum of 20% towards their Council Tax bill. There will be an exception hardship fund to help those claimants experiencing severe financial difficulties.
- 4.3 **Council Tax Support Grant to Town and Parish Councils.** Last year the Government provided £119,453 of Parish Council Tax Support. In 13/14, this has been passed in full to the parish and town councils. However, this grant has now

been aggregated with all Government funding and the latest figures show a reduction of over 13% for 2014/15 (see 2.1). By maintaining the same level of parish grant as 2013/14 the Council would be effectively subsidising by over 13% of this support. The Council is proposing that this reduction will be passed on to the Towns and Parishes and their council tax support grant will be reduced by this amount. Town and Parish Councils have been consulted on this proposal.

- 4.4 **Triennial Pension Revaluation** – The Council's Pension Fund is valued every three years by actuaries. A revaluation was undertaken in March 2013 and the results have now been received. The valuation has resulted in a decrease to the rates the Council is required to pay. An estimate of £30,000 savings has been built into the 2014/15 budget. The financial effect of the T18 Transformation Programme has been factored into the business case but the actual effect will only be clarified as the programme proceeds.
- 4.5 **Price Inflation** – To be able to produce a meaningful resource plan, a number of assumptions have to be made regarding prices. Consumer Price Index (CPI) in November 2013 was 2.1% (Retail Price Index was 2.6%). A budget pressure of £15,000 has been included within Appendix A to allow for inflation on expenditure, in particular, premises costs.
- 4.6 **Parish contributions to public conveniences** – A cost pressure of £25,000 has been included to realign the public conveniences budget to be in line with the expected income from parishes. This is due to the budget from previous year's budget setting being over optimistic.
- 4.7 **Swimming Pool contract inflation** – The swimming pool contract was renegotiated in 2013 and the management fee reduced by £22,000. Indexation will not be applied until 1st April 2014.
- 4.8 **Walk and Talk Programme** – Devon County Council are looking to continue the Health Walks scheme across Devon for the next 3 years, concentrating on need and areas of deficiency, which will be good news in terms of service delivery in West Devon. Devon County Council are looking for a single lead provider through a tender process which they hope to have in place by May/June 2014. The existing budget of £2,700 is sufficient to cover this timescale and no cost pressure would be required.
- 4.9 **Pay Inflation** – For budgeting purposes the Council has modelled a 1% pay offer for 2014/15. This offer is currently being negotiated with the unions. An estimate of £50,000 has been included in Appendix A as a cost pressure.
- 4.10 **Housing Benefit Administration subsidy** – On 13 November 2013, the Department of Work and Pensions (DWP) issued HB circular S9/2013 and the Department of Communities and Local Government (DCLG) issued a Revised Council Tax policy information note. These provided details of the distribution of subsidy grant in 2014/15, for what had previously been housing benefit/council tax benefit administration subsidy. A budget pressure of £40,000 has been included within Appendix A for this reduction.

4.11 **Business Rates** – The Government introduced the Business Rates Retention Scheme on the 1 April 2013. This system enables the retention of a proportion of the business rates revenue generated in a local area by the relevant local authorities. Business rates now form a major element of the local government finance funding. Current indications are that the income from business rates may exceed the Government “baseline” grant figure. Although the system carries with it a significant risk of volatility, it is considered appropriate to include an additional £50,000 in the forecast for each financial year.

4.12 **Devonwide Business Rates Pool** – A report was presented to Council on 17 December 2013 regarding the Devonwide Business Rates pool. A decision was made under delegated authority by the Head of Finance and Audit, in consultation with the Leader, Deputy Leader and Senior Management Team to remain in the Pool for 2014/15.

The membership of the Devon pool consists of the eight District Councils in Devon and Devon County Council, Torbay Unitary and Plymouth Unitary, with Plymouth acting as the Lead Authority for the pool. Pooling gains have not been budgeted for by the Council in 2014/15 due to the current level of uncertainty.

4.13 **Transformation Programme (T18)** - Because of the unprecedented scale of financial challenges demonstrated in this report, Members have been considering a Transformation Programme (T18) which is viewed as the primary driver to achieve the savings required over the next few years. This is a joint transformation programme with South Hams District Council with whom the Council has been sharing services with since 2007.

Both Councils have now made the decision to proceed with the programme (Council 4 November 2013) and the major financial implication the Council has agreed to, is to “Approve an investment budget of £1.9 million for the T18 Programme (WDBC’s share of the overall budget of £4.85 million), to be released at three key milestones, to deliver annual recurring revenue savings of £1.3 million (WDBC’s share of the savings of £3.8 million)”.

The Programme will be self-financing from the end of year 2 (2015/16) onwards. The payback period for the Programme is 2 years. The costs have been calculated to ensure that each Council pays its own share.

4.14 The business case demonstrated that T18 can deliver a major contribution to the budget gap faced by the Council to 2018. Making reasonable assumptions, based on current knowledge, the results from this are included in the financial model seen in Appendix A.

4.15 **Interim arrangements for the Chief Executive** – The Council will temporarily not be replacing the shared Chief Executive who retires in March. Instead, West Devon and South Hams will be piloting an executive director model of working which is already in use in some single authorities nationally but not currently used by councils in a shared services arrangement. This is a radical new management structure. The move will save up to £80,000 between the two

Councils over a full year. No savings have been built into the 2014/15 budget as this is an interim measure.

COUNCIL TAX

- 4.16 **Council Tax** – The last two years' Council Tax is detailed below.

	2012/13	2013/14
DCC	1,116.36	1,116.36
WDBC	196.95	200.69
Police	159.73	162.92
Fire	73.92	75.39
Parishes & Towns	54.24	55.62
	1,601.20	1,610.98

- 4.17 In Appendix B1, a Council Tax increase of 1.9% for 2014/15 is assumed. This would result in the West Devon element increasing to £204.50. This would be an increase of £3.81 per year.

- 4.18 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 £200.69 for 2014/15.

- 4.19 **Council Tax Freeze Grant** - On 15 January the Government issued the guidance for the Council Tax Freeze Grant Scheme for 2014-15. The key aspects will be:-

(i) It will be voluntary

(ii) Any authority which freezes or reduces their basic amount of council tax in 2014/15 will be eligible to receive the grant (equivalent to a 1% of the basic amount of council tax – this is £42,813 for West Devon)

(iii) The grant for the 2014-15 freeze will be paid to authorities in the financial years 2014-15 and 2015-16 – so if an authority freezes in 2014-15, it will also receive a grant in 2015-16 in respect of the freeze decision taken in 2014-15

(iv) Ministers have agreed that the funding for 2014-15 (including 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.

- 4.20 **Council Tax Referendum limit** - The Minister has stated that the council tax referendum threshold principles will be announced separately in the New Year. However it is thought that this may not be until the end of January or early February. The government has indicated that it is open to representations on how these will operate and ***that the government is particularly open to suggestions that some lower threshold be applied to all or some categories of authorities.*** In 2013/14 the referendum threshold was 2% and Town and Parish Councils were not subject to the referendum threshold. It is not known whether the referendum limit in 2014/15 will apply to Town and Parish Councils.

- 4.21 In September 2013, Members provided a set of “minded to” views in order to guide the 2014/15 budget process and one of these views was that Members were minded to increase the level of the West Devon element of the Council Tax by 1.9% for 14/15.

5. NEW HOMES BONUS (NHB)

- 5.1 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.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
2011/12	323,920	323,920	323,920	323,920	323,920	
2012/13	568,622	568,622	568,622	568,622	568,622	568,622
2013/14		133,255	133,255	133,255	133,255	133,255
2014/15			222,997	222,997	222,997	222,997
2015/16 – estimated 184 properties				210,631	210,631	210,631
2016/17 – estimated 329 properties					376,617	376,617
2017/18 – estimated 374 properties						428,130
Forecast NHB	892,542	1,025,797	1,248,794	1,459,425	1,836,042	1,940,252

5.2 NEW HOME BONUS (NHB) – PROPOSED USE OF NHB

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

	2012/2013	2013/2014	2014/2015	2015/16	2016/17	2017/18
Amount receivable	892,542	1,025,797	1,248,794	1,459,425	1,836,042	1,940,252
Less:						
T18 allocation (Council 4 th Nov)		(400,000)				
To fund current Revenue Budget	(200,000)	(353,076)	(353,076)	(353,076)	(353,076)	(353,076)
Dartmoor National	(40,250)	TBA	TBA	TBA	TBA	TBA

Park (as per 5.3)						
To fund the Capital Programme (as per 7.1)	(600,000)	(205,000)	(555,000)	(462,000)	(462,000)	(462,000)
Balance remaining (not committed)	52,292	67,721	340,718	644,349	1,020,966	1,125,176
Memorandum						
Amount of NHB needed to fund Budget Gap cumulatively, if Council Tax is increased by 1.9% (Appendix B1)	Nil	Nil	304,413	665,970	243,857	458,460
Amount of NHB needed to fund Budget Gap cumulatively, if Council Tax is frozen (Appendix B2)	Nil	Nil	334,697	729,143	311,508	530,450
Dartmoor National Park provisional allocations see 5.3	12,912	5,776	20,362	8,714	26,981	111,227

5.3 **Dartmoor National Park (DNP)** – 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.

It is suggested that the following system is put in place:-

- A one off payment is agreed on an annual basis based on actual completions.
- The allocation received by DNP is 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 applications to draw down funds as required in line with the process agreed for that fund.

On this basis the share of NHB due for DNP based on completed properties is summarised below:

It is recommended that £18,688 (£12,912 + £5,776) representing the entitlement for 2012/13 and 2013/14 is paid from the Council's 2014/15 NHB allocation.

	Payable for 12/13	Payable for 13/14	Forecast for 14/15	Forecast for 15/16	Forecast for 16/17	Forecast for 17/18	Forecast for 18/19
Share of award	12,912	5,776	20,362	8,714	26,981	111,227	92,870

6. EARMARKED AND UNEARMARKED RESERVES

6.1 The Council's policy is to retain Unearmarked Revenue Reserves of £750,000.

The Unearmarked General Fund Revenue Reserve balance at 31st March 2013 was £1,030,000 as per the Final Accounts for 2012-13. However, there are current commitments against this balance as shown below:-

The budget monitoring report (another item on this Agenda) predicts the under spend at the end of the financial year, to be £140,000. The table below shows that the level of general reserves would then stand at £970,000.

6.2

	£
General Reserves balance as at 31 st March 2013	1,030,000
Use of Reserves for T18 Investment (Report to Council 4 th November 2013)	(200,000)
Predicted underspend for 13/14 – See Revenue Budget Monitoring report also on this agenda	140,000
Predicted balance of reserves to carry forward	970,000

6.3 **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 “budget scouring” exercise in early 2013. A schedule of Earmarked Reserves is attached to the budget monitoring report at Appendix A (Item 5 on this Agenda).

7. CAPITAL PROGRAMME 2014/15 to 2017/18

7.1 The table below shows the proposed Capital Programme for 2014/15 and projected figures to 2017/18:

	2014/2015	2015/16	2016/17	2017/18
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	200,000
Estates Management (see Note 2)	40,000			

T18 Investment (as per Council 4 Nov 13)	100,000	100,000	-	-
Disabled Facilities Grants (see Note 3)	450,000	450,000	450,000	450,000
TOTAL CAPITAL PROGRAMME	841,000	801,000	701,000	701,000
Suggested method of funding the Capital Programme:				
Government Grant funding towards Disabled Facilities Grants (see Note 3)	(186,000)	(239,000)	(239,000)	(239,000)
Less anticipated slippage on the capital programme (Capital resources)	(100,000)	(100,000)	-	-
Potential funding from New Homes Bonus (Required to fund the Capital Programme)	555,000	462,000	462,000	462,000

Note 1 - The Council is working towards becoming self funding for Affordable Housing from commuted sum receipts (financial contributions from developers). It is anticipated that there could be sufficient commuted sums within the next two years not to require any additional capital contributions. In the above table allocations of £200K have been made for the next four years and the situation will be reviewed to ensure we have accumulated sufficient receipts to negate the need for the allocations in 2016/17 and 2017/18.

Note 2 – An amount of £40,000 is required for capital improvements for the Council's employment estates programme.

Note 3 – 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.

8. CONCLUSION AND OPTIONS TO CLOSE THE BUDGET GAP

- 8.1 As previously concluded, the Council can remain financially viable through careful financial management and a focus on the Transformation Programme. This is not to understate the considerable financial pressures that the Council will face through the continuing reductions in Government Funding.
- 8.2 The Council's well above average performance in terms of New Homes Bonus provides an essential 'stop gap' in funding, which allows the Council to deliver significant transformation savings via a well managed programme of change which aims to minimise any reductions to services.

8.3 The strategy for closing the 2014/15 budget gap will be to use New Homes Bonus.

	Budget Gap for 2014/2015
If Council Tax is increased by 1.9% as per Appendix B1	£304,413
If Council Tax is frozen and the Freeze Grant is taken as per Appendix B2	£334,697

8.4 The table of New Homes Bonus in 5.2 shows that there is currently **£340,718** of New Homes Bonus funding available to fund the Budget Gap for 2014/15. This is the amount before any share of NHB is agreed for the Dartmoor National Park, so any amount agreed for the DNP will reduce the remaining balance of £340,718 by this amount.

8.5 **The strategy for closing the 2015/16 budget gap of between £362,000 to £394,000**, will be to use New Homes Bonus, income generation, growth of business rates income and the temporary use of reserves, in light of the significant T18 savings which would be delivered in 2016/17.

8.6 As shown in 5.2, there is £644,349 of New Homes Bonus available in 2015/16. Between £304,000 and £334,000 of this will be needed to further increase the amount of NHB required to fund the 2014/15 Budget Gap. The remainder of between £340,000 and £310,000 would be available to fund the 2015/16 Budget Gap of between £362,000 to £394,000. The modelling shows that the Council is in a good position to balance its 2015-16 Budget, although any amounts of NHB agreed for the Dartmoor National Park will reduce the £644,349 available.

9. LEGAL IMPLICATIONS

9.1 In accordance with the Council's Delegation Scheme, the Resources Committee is responsible for recommending to Council the budgetary framework. The Council is required to adopt the revenue budget.

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

Corporate priorities engaged:	A balanced budget underpins the Council's capacity to delivers its corporate priorities.
Statutory powers:	Local Government Act 1972, Section 151
Considerations of equality and human rights:	A 360 degree assessment of the equality implications has been carried out and is available on request.
Biodiversity considerations:	None directly related to this report.
Sustainability considerations:	None directly related to this report.

Crime and disorder implications:	None directly related to this report.
Background papers:	Report to Resources Committee 10 December 2013 – Budget Update for 2014/15 to 2017/18 Council 4 November 2013 – Transformation Programme 2018 Resources Committee 17 September 2013 – Medium Term Financial Strategy 2014/15 to 2017/18
Appendices attached:	Appendix A – Budget Pressures and Savings for the five years Appendix B1 (Council Tax Increase of 1.9% for 2014-15 assumed) – Five Year Cumulative Budget Gap Appendix B2 (Council Tax Freeze for 14/15 assumed) – Five Year Cumulative Budget Gap

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 responded to the consultation on the localisation of business rates and 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>H of Finance & Audit</p> <p>Corporate Director (TW)</p> <p>Corporate Director (AR)</p> <p>H of F&A</p> <p>H of F&A</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 £100,000.</p> <p>The figures are subject to</p>	5	3	15	↔	<p>The position will be monitored by the Head of Finance and Audit.</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> <p>The Council is part of a Devonwide</p>	H of F&A

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			
		volatility both from business rating appeals and the economic climate.					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.	Head of Finance and Audit
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.	Head of Finance and Audit