

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 23 JANUARY 2017 – BUDGET SETTING 2017/18

The following is an extract from the Draft Minutes of the Finance, Audit and Risk Committee meeting held on 23 January 2017.

64. CORPORATE BUSINESS PLANNING – BUDGET SETTING 2017/18

The Head of Finance, Performance and Asset Management presented the report of the Strategic Director of Finance, Policy and Governance in respect of the proposed Revenue Budget for 2017/18.

The Head of Finance, Performance and Asset Management advised that the major changes to the report from the draft Budget report considered by the Committee in December 2017 were as follows:

- The proposed changes to New Homes Bonus that introduced a baseline percentage were now incorporated into the main report, they were previously provided as an addendum;
- The forecast of numbers of new homes had been reviewed. Based on the revised information available, this was not expected to lead to a significant change in the funding;
- The Council Tax Base for 2017/18 had been reviewed. This was an increase of 1.4% from 2016/17, and was higher than the previously expected increase of 0.65%. This was expected to generate an additional £75,000 of Council Tax income from 2017/18 onwards;
- Budget risks for 2017/18 had been reviewed again, leading to small increase in the amount to allow for in the minimum General Fund balance;
- A high level review of budgets, as at the end of November 2016, had been carried out. This had identified £469,000 of underspends against the working budget. Of this there were requests for £191,000 of this to be carried forward into 2017/18. The impact on 2017/18 was expected to be minimal (£5,000);
- The decrease in funding meant that further savings needed to be identified and delivered. When combined with the shortfall against the existing target, there was a need to deliver at least a further £1.43 million of savings by 2020/21; and.
- A revised NHDC sustainability plan was attached to this report as Appendix 4.

The Head of Finance, Performance and Asset Management and Strategic Director of Finance, Policy and Governance clarified the following issues raised by Members regarding the Efficiency/Investment proposals set out in Appendix 3 to the report:

- E8 – Whole Council Elections – these were forecast savings in 2020/21 should the Council decide to change to whole Council Elections. Such a decision would require the approval of the Council;
- E11 – Green Space Strategy – should the revised Green Space Strategy be approved by the Cabinet, then the figures would change. The revised figures would be included in the paperwork provided to Council;

- E15 – Corporate Restructure – the Chief Executive was working on the restructuring report, but was confident that the savings figure quoted would be achievable; and
- E27 – Hitchin Town Hall Community Facility – the savings figure of £100,000 quoted was based on the Hitchin Town Hall Ltd Business Case, and was a target for income generation. The facility was already generating income from bookings, and it was anticipated that income would increase once the café facility had opened.

The Committee was disappointed that Cabinet had not accepted its recommendation from its last meeting concerning Efficiency Saving E25 – Replace Area Committees with a more informal alternative. The Committee reiterated its view that it was premature/speculative at the current time to identify a savings figure for this proposal, without a fully costed alternative. The Committee was further concerned that it was not clear from the paperwork the rationale for the savings figure of £50,000.

RECOMMENDED TO CABINET: That, following the Committee’s disappointment that the Cabinet had not accepted its previous recommendation in respect of Efficiency Saving E25 – Replace Area Committees with a more informal alternative, it was recommended that this item be removed as:

- (i) it was still premature/speculative at the current time to identify a savings figure for this proposal, without a fully costed alternative; and
- (ii) the rationale for the savings figure of £50,000 was unclear from the paperwork, especially as no alternative had been identified.

REASON FOR DECISION: To provide an opportunity for the Committee to comment as appropriate on the proposed Revenue Budget for 2017/18.

[NOTE: The report to which this referral relates is Item 9 on this agenda.]