

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Draft 2016/17 Revenue Budget and Medium Term Financial Strategy (2017/18 to 2020/21)
Meeting/Date:	Cabinet 21 January 2016 Overview & Scrutiny Panel (Economic Well-Being) 7 January 2016
Executive Portfolio:	Resources: Councillor J A Gray
Report by:	Head of Resources
Ward(s) affected:	All Wards

Executive Summary:

The Council is required to set an annual budget for the forthcoming year, in order to set the Council Tax for the area, and approve its Medium Term Financial Strategy (MTFS) covering the following four years. This report sets out the draft budget for 2016/17, detail of the draft service budgets and the revised MTFS for the period 2016/17 – 2020/ 21 for Cabinet approval.

The 2016/17 budget and MTFS have been set following the policies that have been agreed and the completion of the Zero Based Budget (ZBB) exercise that started in the Autumn of 2014.

At this point in the budget setting process, the draft Net Service Expenditure budget for 2016/17 is £17.9m (the detailed draft 2016/17 Budget and MTFS is shown in **Appendix 1**).

When comparing the draft Net Service Expenditure budget to the 2015/16 Forecast Outturn and the Original Budget, there has been a net saving of £0.9m (4.6%) and £1.3m (6.9%) respectively. The draft figures for 2016/17 include:

- savings from Tranches 2 and 3 of the ZBB programme of £2.2m, as agreed at Cabinet in September and December 2015.
- the impact of all other budget adjustments which adds back £0.9m (inflation, effect of capital and other changes).
- the implications of the Commercial Investment Strategy Business Plan, as reported to Cabinet in December 2015 (£0.432m by 2020/21).

Capital Programme

There is a capital requirement of £10.5m in 2016/17 funded from borrowing (£9.6m) and grants/capital receipts (£0.9m). The revenue implications of the individual capital proposals are built into the individual revenue budgets and the impact of the proposed programme on the minimum revenue position (MRP) is **£61,000**. In addition there is an MRP increase in 2017/18 of £0.6m as a result of the funding of the 2016/17 capital

programme.

Government Funding

The total government funding (Revenue Support Grant and New Homes Bonus) used within the Draft 2016/17 Budget is £7.1m, this decreases to Nil by 2020/21. The assumptions regarding funding are based on the draft local government finance settlement that was announced by the Secretary of State for Communities and Local Government on the 17th December 2015. Taking into account Non-Domestic Rates, the total projected grant funding for the Council in 2016/17 is £11.3m, which is a £0.4m decrease over what was included in the 2016/17 to 2019/20 MTFS.

Council Tax

The Council Tax base (i.e. the number of Council Tax Band D properties) is 59,358 for 2016/17 with a detailed breakdown by parish shown in **Appendix 2**, for the period of the MTFS this has been increased by 1.8% per annum.

The current MTFS contains the aspiration for the Council Tax to be frozen at its current level of £133.18 for the duration of the MTFS. The impact of applying this policy over the life of the draft MTFS is that after taking into account the ZBB savings and government funding changes, the Council will potentially have to make contributions from the General Fund Reserve of £3.7m over the period of the MTFS.

Reserves

The impact on the General Fund (GF) reserve of the application of Council tax freeze policy reduces the GF reserve to a negative position of (£0.6m) at the end of 2020/21. The recommended minimum level of GF reserves is 15% of the net revenue expenditure, which would be £2.6m in 2020/21. Consequently, this is an unsustainable financial position. To address the gap between forecast income and forecast spend, over the life of the MTFS the Council will need to consider in each budget cycle whether it cuts services, raises Council tax, generates more income or uses reserves.

Four-year settlement

As part of the Governments consultation on the 2016/17 provisional settlement, they have announced their intention to offer all Council's a four-year financial settlement, subject to some technical annual adjustments. The reason this offer has been made is to support the transition to self-sufficient local government by 2019/20 but will be subject to approval of an efficiency plan. Initial evaluation is showing a more beneficial grant position; if the deadline for submission of the efficiency plan is before the Cabinet meeting in February; delegated authority is sought for approval of the plan subject to agreement by both the Executive Portfolio Holder for Resources and the Head of Resources.

Voluntary Sector Grants

At the Overview And Scrutiny Panel (Communities And Customers) held on the 5th January 2016 a report entitled "Voluntary Sector Grant Funding 2016/17 – 2019/20" was discussed by the Panel. The recommends that the level of grants should remain at current levels for 2016/17 and a working group established to complete a review of funding arrangements (paragraph 7.2/**Appendix 5**).

Recommendations:

It is recommended that Cabinet:

1. approves the freezing of Council Tax for 2016/17.
2. approves the removal of the savings proposal to charge a bus departure levy within the District.
3. approves the draft capital programme 2016/17 to 2020/21
4. approves the overall draft budget 2016/17 and MTFS 2017/18 to 2020/21
5. considers the current MTFS position with regards to the General Fund Reserve and agrees to continue the use of the ZBB principles and commits to continue to develop the actions and programmes as set out in the "Plan on a Page" to find further savings and efficiencies in order to maintain a prudent level of reserves throughout the MTFS.
6. approves the Council Tax Base 2016/17 as detailed in Appendix 2.
7. considers the offer by Government to all Councils of a four-year financial settlement. If the deadline for submission of an efficiency plan is before the February Cabinet meeting, delegated authority is sought for approval of the plan subject to agreement by both the Executive Portfolio Holder for Resources and the Head of Resources.
8. considers the comments of the Overview And Scrutiny Panel (Communities And Customers) held on the 5th January 2016 in respect of Voluntary Sector Grant Funding 2016/17 – 2019/20 (paragraph 7.2/Appendix 5) and determines what action in respect of budget changes to Voluntary Sector Grants should be made for 2016/17 and over the MTFS period.

1. WHAT IS THIS REPORT ABOUT?

1.1 To provide Cabinet with the detail of the draft budget preparations to date for consideration and approval. The report sets out:

- the draft 2016/17 Revenue Budget and Medium Term Financial Strategy (MTFS) for the period 2017/18 to 2020/21,
- how the budget has moved in comparison to the 2015/16 Original Budget and the 2015/16 Forecast Outturn,
- draft capital programme 2016/17 to 2020/21, and the.
- Impacts on reserves and some new initiatives noted within the Governments consultation on the 2016/17 provisional financial settlement.

2. PREPARATION OF THE DRAFT BUDGET 2016/17, AND MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21

2.1 The 2016/17 budget and MTFS have been set following the policies that have been agreed and the completion of the Zero Based Budget (ZBB) exercise that started in the Autumn of 2014. This now means that all departments within the Council have had a fundamental review of the service and the resources required to deliver those services. Tranche 1 of the ZBB programme was delivered in December 2014 and the outcomes were built into the 2015/16 budget. Tranches 2 and 3 have taken place during the current financial year, the outcomes were reported to this Committee and approved by Cabinet in September and December; and they have now been incorporated within the draft budget for 2016/17 and the MTFS 2016/17 to 2020/21.

2.2 In addition, the draft budget and MTFS has also taken into account the following:

- conclusions of ZBB Light reviews
- revenue implications of the draft capital programme
- grant settlement relating to New Homes Bonus and Council Tax Freeze Grant and Funding Estimates for Revenue Support Grant and New Homes Bonus.
- the draft capital programme 2016/17 to 2020/21

2.3 The detailed analysis of the draft 2016/17 Budget and MTFS (2017/18 to 2020/21) is attached at **Appendix 1**.

3. SAVINGS AND GROWTH

Zero Based Budgeting

3.1 The 2016/17 budget and MTFS have been set following the policies that have been agreed and the completion of the Zero Based Budget (ZBB) exercise that started in the Autumn of 2014. This now means that all departments within the Council have had a fundamental review of the service and the resources required to deliver those services. Tranche 1 of the ZBB programme was delivered in December 2014 and the outcomes were built into the 2015/16 budget. Tranches 2 and 3 have taken place during the current financial year, with the outcomes reported to this Committee and approved by Cabinet in September and December; and they have now been incorporated within the draft budget for 2016/17 and the MTFS 2016/17 to 2020/21. In addition, all ZBB Tranche 1 services have had a ZBB Light review to ensure that all budgets have been subject to a high level of scrutiny. Consequently the impact of the

2016/17 ZBB reviews has resulted in savings of £2.2m for 2016/17 rising to £4.0m in 2020/21. These are summarised in **Table 1** below:

Table 1 - ZBB Tranche 2 & 3 Savings					
Service	2016/17 £'000	2017/18 £'001	2018/19 £'002	2019/20 £'003	2020/21 £'004
Directors and Corporate	(221)	(323)	(373)	(373)	(373)
Resources	(85)	(147)	(210)	(272)	(272)
Customer Services	(543)	(778)	(918)	(1,075)	(1,075)
Operations	(860)	(1,121)	(1,347)	(1,657)	(1,657)
Development	(314)	(314)	(315)	(315)	(315)
Community	(112)	(169)	(172)	(173)	(173)
Leisure & Health	(102)	(123)	(123)	(123)	(123)
TOTAL	(2,237)	(2,975)	(3,458)	(3,988)	(3,988)

3.2 Included in the Community Services Tranche 2 proposals, was a proposal to implement a bus departure levy in the District, raising an estimated £75,000. Following further discussions on this proposed it is being recommended that this proposal is removed from the ZBB savings. This change has been built into the draft budget.

3.3 In addition, the implications of the Commercial Investment Strategy, as reported to Cabinet in December 2015 have been included in the draft budget.

Growth

3.4 There has not been any growth within the budget except for items where it is unavoidable e.g. additional pension costs, statutory technical adjustments and some limited budget corrections. There has not been any general service inflation but there are assumptions built in for Pay and Business Rates inflation, both at 1%. Members should note increases in One Leisure income currently reflect general price increases. These income lines are currently being reviewed and will be updated for the Final Budget Report that will be presented to members in February.

3.5 The significant exception to this is in relation to the recycling service. In June 2014 the Council, as part of its involvement in the Cambridgeshire and Peterborough Waste Partnership (RECAP) entered into a joint contract for the processing and sale of recyclable materials. One of the main aims of the contract was to support the Council to deliver its waste minimisation targets. A joint decision by each council in RECAP was taken and endorsed to amend the commercial basis of the contract i.e. taking on increased commercial risk than under the previous contract. This involved the partners electing to take a greater share of the income from the sale of recyclables to reduce other costs

paid under the previous contract; this was based on assumptions that the market for recyclables would at least remain constant if not grow. The reality has been the worldwide collapse of the market for recyclables resulting in a reduced income to this Council and all the other partners in RECAP. This income in part meets the costs of the contract and these costs have remained constant because the tonnage of materials for recycling has remained constant. The net effect is additional costs for the Council from a projected monthly cost of £2,500 per month to an estimated cost of £25,000 per month if the recyclables market does not recovery to its previous position.

3.6 The unavoidable growth or other statutory technical adjustments that have been included within Corporate Finance are shown in **Table 2** below. The MRP impact in 2016/17 reflects capital investment that has taken place during 2015/16 (there is always a one-year lag in the payment of MRP). As a consequence of the proposed 2016/17 capital programme noted in paragraph 3.7, there is growth in MRP in 2017/18 of £0.6m. This increase could be reduced if not all the 2016/17 Capital Schemes went ahead.

Item of Unavoidable Growth	Corporate Budget Items and the impact on the 2016/17 budget (value > £50,000)					Reason for Growth
	2015/16		2016/17			
	Forecast	Original Budget	Budget	Growth Against Forecast	Against Updated Budget	
	£'000	£'000	£'000	£'000	£'000	
Minimum Revenue Provision	1,574	1,574	1,635	61	61	Additional capital spend due to the Council not funding capital expenditure from other sources (grants/capital receipts)
Pension Contribution	1,136	1,135	1,510	374	375	Actuarial revaluation

Capital Programme

3.7 The detailed draft capital programme for the period 2016/17 to 2020/21 is included in **Section 3 of Appendix 1** and summarised in **Table 3** below, along with the sources of finance. The revenue implications of the individual capital proposals are built into the individual revenue budgets and the impact of the proposed programme on the minimum revenue position (MRP) is **£61,000**. In addition there is an MRP increase in 2017/18 of £0.6m as a result of the funding of the 2016/17 capital programme.

3.8 All capital proposals have been subject to internal officer scrutiny via the Finance Governance Board and have followed the capital project methodology introduced last year.

Table 3		Forecast	Budget	Medium Term Financial Strategy			
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		£000s	£000s	£000s	£000s	£000s	£000s
Community		1,230	1,048	40	40	40	40
Development		3,605	1,400	1,300	1,200	1,300	1,200
Leisure and Health		812	1,194	270	281	317	317
Resources		3,138	3,090	0	0	0	0
Customer Services		13	531	150	50	0	0
Operations		1,058	3,249	1,710	805	1,599	1,226
Total Expenditure		9,856	10,512	3,470	2,376	3,256	2,783
Financing							
Capital Receipts		(1,347)	(400)	(300)	(300)	(300)	(300)
Grants and Contributions		(3,456)	(536)	(758)	(792)	(810)	(853)
Borrowing External		(2,750)	(7,750)	(2,000)	(1,000)	(2,000)	(1,000)
Borrowing Internal		(2,303)	(1,826)	(412)	(284)	(146)	(630)
		(9,856)	(10,512)	(3,470)	(2,376)	(3,256)	(2,783)

Borrowing:

- *External - for 2016/17 this includes the balance of the loan to Luminus Housing. Any additional external borrowing to the capital programme will be included in the Treasury Management Strategy that will be approved in February 2016.*
- *Internal - this is the use of the Councils working capital within the balance sheet.*

4. SUMMARY DRAFT BUDGET 2016/17 and MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21

Council Tax Base

4.1 The draft Council Tax base is 59,358 for 2016/17 with a detailed breakdown by parish shown in **Appendix 2**. For future years the Council Tax base has been increased by 1.8% per year which reflects:

- the increase that has occurred over the past few years,
- allowing for future new build planning projections included within the current Planning Trajectory produced by the Planning Service, and
- advice from the Local Taxation Team.

Council Tax Freeze

4.2 The 2016/17 budget and MTFS are based on a Council Tax freeze over the period. There is no new Council Tax Freeze grant for 2016/17 and the remaining years of the freeze grant, in relation to prior year freezes, is now rolled into RSG.

4.3 However, it should be noted that within the Provisional Settlement, that was announced by the Secretary of State for Communities and Local Government on the 17th December, the Council Tax referendum criteria were changed to allow those Councils in the lower quartile for Council Tax, in which the Council is duly banded, to raise the Council Tax for the duration of this parliament by the higher of £5 or 2%. For the Council this would be the £5 limit.

4.4 If the Council were to take advantage of this change and increase Council Tax by £5 (3.75%) to £138.18 for only 2016/17 it would raise £0.3m and a total of

£1.5m over the life of the MTFS. If the Council remained in the lower quartiles, and increased Council Tax again by £5, this of course would be considerably more.

Government Grant

4.5 New Homes Bonus

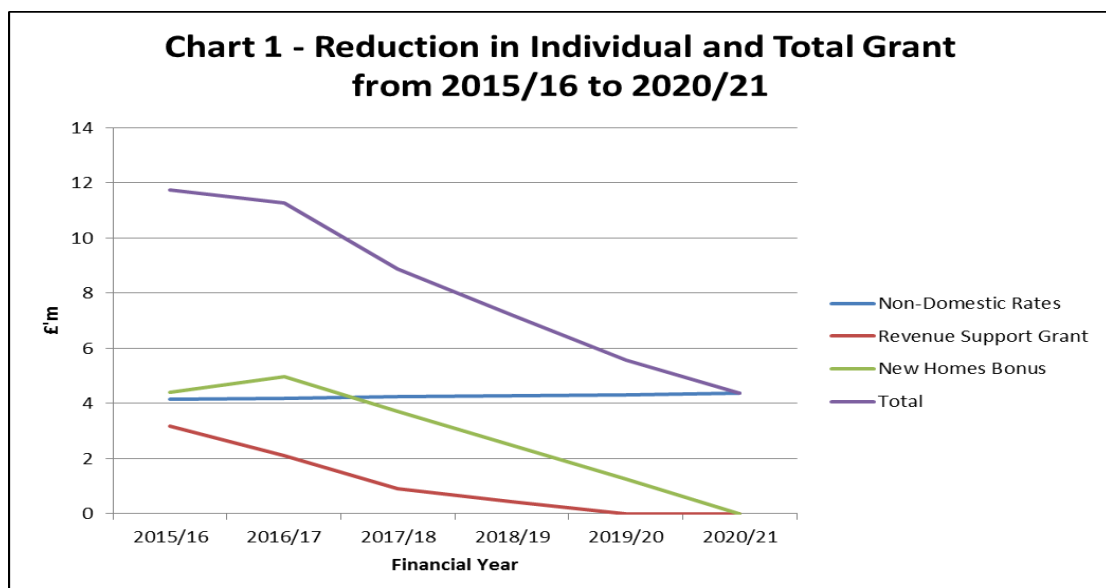
On the 17th December, the Secretary of State for Communities and Local Government announced the 2016/17 New Homes Bonus allocation of £5.0m; this is an increase of £0.4m over what was included in the 2016/17 to 2019/20 MTFS. The Government is expected to be carrying out a consultation on the future of the NHB and therefore there is considerable doubt as to the continuance of NHB and therefore, over the period of the MTFS, this is modelled to decrease to Nil by 2020/21.

4.6 Revenue Support Grant, Non-Domestic Rates

On the 17th December, the Secretary of State for Communities and Local Government announced the 2016/17 Revenue Support Grant (RSG) of £2.1m, an decrease of £1.1m, and the Non-Domestic Rates (NDR) baseline of £4.2m a net marginal increase of £30,000 over what was included in the 2016/17 to 2019/20 MTFS. Over the period of the MTFS, it is modelled that RSG will have gone and NDR increased to £4.4m by 2020/21

Grant Support for 2016/17	£'000
Revenue Support Grant	2,110
New Homes Bonus	4,965
	<hr/>
	7,075
Retained Non-domestic Rates	4,190
	<hr/>
	11,265

4.7 Following Government announcements that it intends Local Government to be fully self-financed, from Council Tax and NDR, by 2020, the MTFS models all Government grant being removed by 2020/21 and the council's sole sources of finance being Council Tax and NDR. **Chart 1** below shows the decrease over the MTFS period, with the sole grant remaining being NDR. The total reduction in grant by 2020/21 is £6.9m (61.3%).



Collection Fund Surplus/Deficit

- 4.8 The Collection Fund is the statutory account through which Council Tax and Business Rates income and the payments to preceptors of their respective shares are accounted for. Any surplus or deficit on the Collection Fund at year end is distributed to the preceptors, as per legislation. The Council is required to make an estimate of the projected surplus or deficit of each component of the Collection Fund at year end in order for the preceptors to bring their share of the surplus or deficit into the budget setting process.
- 4.9 The estimated year end position of the Collection Fund is shown in **Table 4** below along with the share that is apportioned to the Council. A deficit position occurs when less Council Tax and/or Business Rates is collected than estimated; this deficit position is then shared between the preceptors. For Business Rates the deficit position is caused by a high level of outstanding appeals against business rate valuations for which a provision has to be established. As a consequence of creating the provision this has caused a deficit position within the Collection Fund; however due to the technical requirements of the Business Rates Retention Regulations (i.e. Safety Net Grant), the Council only has to fund a small proportion of the overall deficit (£0.3m).

Table 4	(Surplus)/Deficit (£'000)	HDC Share (£'000)
Council Tax	(401)	(55)
Business Rates	8,237	3,876
TOTAL	7,836	3,821
Safety Net Grant		(3,564)
Net Impact on Funding		257

Impact on Reserves

- 4.10 **Table 5** below shows the estimated impact on the General Fund over the life of the MTFs. With the cuts in Government funding it is anticipated that contributions from the reserve of £3.8m over the life of the MTFs will be required. This will have the effect of putting the reserve into a negative balance of (£0.6m) by 2020/21.

Table 5	Forecast	Budget	Medium Term Financial Strategy			
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
General Fund Brought forward	9,287	3,022	5,273	5,576	4,645	2,553
Contribution (to) Reserve	535	2,251	303			
Contribution from Reserve	(6,800)			(931)	(2,092)	(3,190)
Carried forward	3,022	5,273	5,576	4,645	2,553	(637)
<i>Minimum Level of Reserves</i>	2,687	2,693	2,648	2,604	2,554	2,561

4.11 This is an unsustainable position and as a result the Council has a number of options to consider in order to ensure it is budgeting in a sustainable manner both in terms of on-going revenue and funding and its reserves.

- i. Maintain the current level of reserves and CIS investments and continue the programme of ZBB reviews in order to find the necessary savings to bring the GF reserve back to a prudent level.
- ii. Increase Council Tax in 2016/17 and future years in order to generate greater Council Tax receipts.
- iii. The decision to transfer £6.8m from the GF reserve to the CIS earmarked reserve is reversed. As a result the approved CIS business case will need to be reviewed.
- iv. Take a less aggressive view on the reduction of Government funded NHB and therefore anticipate higher levels of government grant in future years or growth in business rates.

Summary Draft Budget 2015/16 and Medium Term Financial Strategy 2016/17 to 2019/20

4.12 Incorporating the:

- Savings and Growth budget changes noted in paragraph 3,
- Council Tax freeze commitment,
- assumptions relating to Government Grant, and
- the contributions to and from the General Fund Balance,

the Draft 2015/16 Budget and Medium Term Financial Strategy is shown in **Table 6** below:

Table 6	Forecast	Original Budget	Budget	Medium Term Financial Strategy			
	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Services provided:							
Directors and Corporate	2,348	2,377	2,300	2,212	2,178	2,185	2,197
Resources	-392	-445	-308	-566	-871	-918	-971
Customer Services	4,425	4,488	2,355	2,167	2,062	1,939	1,970
Operations	4,727	4,593	3,968	3,753	3,608	3,383	3,428
Development	1,427	1,691	1,370	1,224	1,221	1,242	1,265
Community	1,987	2,130	1,936	1,922	1,940	1,954	1,979
Leisure & Health	-53	58	-280	-516	-720	-935	-1,115
Shared Service	0	0	1,796	1,832	1,869	1,906	1,944
Corporate Finance	4,336	3,988	4,799	5,611	6,053	6,252	6,360
Net Expenditure	18,804	18,881	17,938	17,639	17,340	17,008	17,058
Contribution to/(from) Earmarked Reserves	875	797	(257)	0	0	0	0
Budget Requirement	19,678	19,678	19,931	17,942	16,409	14,916	13,868
Non-Domestic Rates	(4,160)	(4,160)	(4,190)	(4,232)	(4,274)	(4,317)	(4,360)
Revenue Support Grant (RSG)	(3,183)	(3,183)	(2,110)	(921)	(442)	0	0
New Homes Bonus (***)	(4,403)	(4,403)	(4,965)	(3,724)	(2,483)	(1,241)	0
S31 Grant	0		(1,018)	(1,018)	(1,018)	(1,018)	(1,018)
Council Tax Freeze Grant (**)	(82)	(82)	0	0	0	0	0
Collection Fund Deficit	(82)	(82)	257	0	0	0	0
Council Tax Requirement	7,768	7,768	7,905	8,048	8,193	8,340	8,490
- Base (*)	58,329	58,329	59,358	60,426	61,514	62,621	63,749
- Per Band D	133.18	133.18	133.18	133.18	133.18	133.18	133.18
Assumptions	<p>* Increase in Council Tax Base Assumed there is an annual increase in the base of 1.8%.</p> <p>** Council Tax Freeze Grant Assumed that this does not continue as a separate grant (could be "rolled-up" within RSG).</p> <p>*** New Homes Bonus Assumes a 25% reduction per year on the 2016/17 base.</p>						

Four-year Settlement

4.13 It is brought to the attention of members that as part of the Governments consultation on the 2016/17 provisional settlement for local government, the government have announced they are inviting Councils to take up a four-year funding settlement to 2019/20 to support the move to all Councils being self-sufficient by the same year (i.e. having Business Rates and Council Tax as the main sources of core funding). An extract from the Provisional Local Government Settlement 2016/17 is shown at **Appendix 3** and a summary of the key issues and considerations is shown below:

- provide the funding certainty and stability to enable more proactive planning of service delivery
- support strategic collaboration with local partners
- multi-year settlements will help to strengthen financial management and efficiency, including by maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents
- the council will need to provide an efficiency plan (details of this not yet available)
- assumption is that the settlement will be based on the 2016/17 funding model; however the final determination of the local government finance settlement for any given year cannot be made until:
 - calculations are completed taking account of the business rates multiplier, which is based on the Retail Price Index in September each year.
 - future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events are taken into account.

However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement the Government expects these to be the amounts presented to Parliament each year.

4.14 Initial evaluation is showing that the 4-year settlement would be more beneficial to the Council; this will be discussed further in the Final Budget report in February. At this time however, the deadlines for submission of efficiency plans is not known, if it becomes apparent that deadlines are before the Cabinet meeting in February, delegated authority is sought for the Council to submit the aforementioned plan following approval by both the Executive Portfolio Holder for Resources and the Head of Resources.

5. WHY IS THIS REPORT NECESSARY/BACKGROUND

5.1 It is a requirement of the Council to set an annual budget and to have a Medium Term Financial Strategy.

6. OPTIONS CONSIDERED/ANALYSIS

6.1 All options and due analysis are contained within the main section of the report.

7. COMMENTS OF OVERVIEW & SCRUTINY PANEL

7.1 Comments from the Overview And Scrutiny Panel (Finance And Performance) meeting held on the 7th January 2016 in respect of "Update On 2016/17 Draft Budget And Medium Term Financial Strategy" are attached as **Appendix 4**.

7.2 Comments from the Overview And Scrutiny Panel (Communities And Customers) meeting held on the 5th January 2016 in respect of "Voluntary Sector Grant Funding 2016/17 – 2019/20" are attached as **Appendix 5**.

8. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

8.1 The delivery of the 2016/17 budget, when approved will be managed via the Council's budgetary monitoring processes throughout the year.

9. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

9.1 The 2016/17 budget forms an integral part of service plans for 2016/17 and therefore actions and timescales required to ensure savings are achieved and service spending is in line with the approved budget will be contained within the final service plans.

10. LINK TO THE CORPORATE PLAN

10.1 The budget is the financial interpretation of the Council's strategic and operational priorities that are included within the entire Corporate Plan. However, the budget process (i.e. ZBB, monitoring etc) itself meets the following specific aims and objectives of the Corporate Plan:

- Ensuring we are a customer focused and service led council, delivering value for money services.

10.2 This will assist the Council in:

- "becoming more business-like and efficient in the way we deliver services".

11. CONSULTATION

11.1 The ZBB process has required extensive consultations within each of the teams within each ZBB review as well as with the relevant Portfolio Holder. The results of each review have also been reported to this Panel and Cabinet.

11.2 In respect of the 2016/17 budget, this is the first stage of that consultation.

12. LEGAL IMPLICATIONS

12.1 There are no direct legal implications arising from this report.

13. RESOURCE IMPLICATIONS

13.1 The resource implications have been shown within the main body of this report.

14. OTHER IMPLICATIONS

14.1 All implications are contained within the body of the report.

15 REASONS FOR THE RECOMMENDED DECISIONS

15.1 To enable Cabinet to approve and understand:

- the impact of ZBB Tranche 2 and 3 and other service changes on service budgets.
- draft capital programme 2016/17 to 2020/21.
- freezing of Council Tax until 2020/21.

16. LIST OF APPENDICES INCLUDED

16.1 **Appendix 1:** DRAFT 2016/17 Budget & Medium Term Financial Strategy 2017/18 to 2020/21.

16.2 **Appendix 2:** Council Tax Base 2016/17.

16.3 **Appendix 3:** Extract from “The provisional local government finance settlement 2016-17” and an offer to councils for future years.

16.4 **Appendix 4:** Comments from the Overview And Scrutiny Panel (Finance And Performance) meeting held on the 7th January 2016 in respect of “Update On 2016/17 Draft Budget And Medium Term Financial Strategy”.


16.5 **Appendix 5:** Customers) meeting held on the 5th January 2016 in respect of “Voluntary Sector Grant Funding 2016/17 – 2019/20”

BACKGROUND PAPERS


Working papers in Resources; Accountancy Services

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