

Supplementary Report - Budget 2015-16 and Beyond

Cabinet

Date: 4th February 2015

Author:	Cabinet Member for Finance and Board Director Resources
Wards:	All
Locality Affected:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 To update Members on the results of the Local Government Finance Settlement for 2015-16 received on 3rd February 2015 and update the recommendations of the report accordingly. Changes to the original recommendations are shown in bold.

2. Recommendations

Cabinet is recommended to note:

- 2.1 The projected out-turn for 2014-15 and that savings arising from the early delivery of 2015-16 Budget Proposals will be used to partly finance one-off costs incurred in-year to deliver the 2015-16 Budget, thus helping to preserve the level of funding held in reserves for future years' transformation;
- 2.2 That the Council does not expect to need to replenish General Reserves as part of the 2015-16 Budget Setting process;
- 2.3 That no further consultation feedback has been received in relation to the Budget proposals presented to Cabinet in October and December 2014;
- 2.4 **The minutes of the consultation meeting held with business representatives from Swindon, on behalf of non-domestic rate payers, held on 28th January 2015;**
- 2.5 That in line with the requirements of the Local Government Act 2003, the Board Director, Resources, in his Section 151 capacity, confirms the robustness of the estimates underlying the recommended Budget and having reviewed the financial risks being faced by the Council concludes that the proposed level of General Reserves (£6m) is adequate in the context of the earmarked reserves held, specific contingencies and the proposed general contingency of £0.5m.

Cabinet is requested to:

- 2.6 Agree the 2014-15 virements set out in Appendix 5;
- 2.7 Endorse the Medium Term Financial Strategy set out in Appendix 9.
- 2.8 Agree that there are no changes to the proposed fees and charges set out in Appendix 1 to the report to Cabinet on 10th December 2014;

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- 2.9 Agree the Specific Reserves held in support of the 2015-16 Revenue Budget set out in Appendix 7;
- 2.10 Agree that the Head of Revenues and Benefits be authorised to increase awards of Business Rates Retail Relief in accordance with the scheme approved in March 2014 to £1,500 per annum in 2015-16 and to award 'transitional relief' payments that limit increases in Business Rates payments to 15% for small businesses with rateable values up to £18,000 and 25% for medium sized business with a rateable value up to £50,000;
- 2.11 Agree the key principles of the Public Power Solutions Limited (formerly Swindon Commercial Services Ltd (SCS)) Business Plan for 2015-16 on behalf of the Council in its shareholder capacity and authorise the Board Director Resources, in consultation with the Leader of the Council, to agree any future changes to the Business Plan on behalf of the Council in its shareholder capacity;
- 2.12 **Agree that a consultation commences on reshaping the Emergency Assistance Scheme within an on-going base budget envelope of £186k (currently £321k) using the existing £300k earmarked reserve to cashflow the transition and supplement the base Budget funding in 2015-16;**
- 2.13 Recommend to Council the level of Special Expenses for 2015-16 shall be £1,041,299 and the areas of land and services that will be charged as special and general expenses set out in Appendix 10; and
- 2.14 **Recommend to Council:-**
- 2.14.1 **The 2015-16 Budget be set at £136.740m and the Budget Requirement for tax setting purposes be set at £134.740m, recognising the £2m of funding from reserves;**
- 2.14.2 There be no increase in Council Tax for 2015-16, and
- 2.14.3 It be determined that the proposed increase (that is no increase at all) in the basic amount of Council Tax for 2015-16 is not excessive in accordance with Schedule 5 of the Localism Act 2011.
- 3. Detail**
- 3.1 The assumptions and recommendations set out in the report to Cabinet published in the main agenda pack were based on the Provisional Local Government Finance Settlement received on 18th December 2014. That report recommended a Net Budget for 2015-16 of £136.554m and included a proposal to commence consultation on the removal of base budget funding for the Emergency Assistance Fund (Welfare Scheme) following the Government proposing to withdraw the specific grant funding for this purpose.
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- 3.2 Along with a number of other councils, Swindon responded to the consultation on the provisional settlement and strongly communicated the likely impact on vulnerable people of the Government's proposal to remove Government funding for the Welfare Scheme. In response, through the Final Local Government Finance Settlement for 2015-16, the Government has announced that it is providing a further £74 million nationally to upper-tier authorities to recognise that "councils have asked for additional support, including to help them respond to local welfare needs and to improve social care provision".
- 3.3 The resulting impact for Swindon is that the Formula Grant funding in the final settlement is £186k higher than the provisional settlement. The Government has not reinstated the specific grant for the Welfare Fund but it has increased formula grant funding and articulated a link to recognising the impact of funding reductions on vulnerable people accessing the fund. This £186k increase should be considered within the context of the current (2014-15) funding of the Emergency Assistance Scheme of £321k.
- 3.4 As this additional funding is not ring-fenced, Members can decide how they wish to use the extra £186k. However, recognising the previous feedback received from key stakeholder groups and Members' concerns reported to Government in response to the Provisional Settlement, it is recommended that this funding is reinstated into the Base Budget to fund a reshaped Emergency Assistance Scheme. The 2014-15 Fund is £321k which mainly funds household heating, food and furniture plus smaller amounts on bedding, clothing, household goods and repairs and travel expenses plus the administration of the scheme.
- 3.5 A £135k reduction in the scheme will require the current parameters to be reviewed and reshaped with key stakeholders. Based on feedback received to date, it is proposed that this magnitude of saving could be achieved through a range of changes to the existing scheme including the following:-
- Reducing the types of support offered, recognising they type of support that can be accessed through other channels and charitable groups in the Borough
 - Simplifying the application process, enabling the administration costs to be reduced
 - Limiting the number of claims each person can make against the fund each year.
- 3.6 It is proposed that consultation commences on reshaping the Emergency Assistance Scheme within an on-going base budget envelope of £186k (currently £321k), which reflects the level of funding the Council will receive in future. In addition, it is proposed to use the existing £300k earmarked reserve to cashflow the transition and supplement the base Budget funding in 2015-16.
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- 3.7 The receipt of an additional £186k of formula grant results in an increase in overall net expenditure to £136.740m in 2015-16. Cabinet is asked to recommend this Net Budget sum to Council, funded as set out in the table below.

Financed By:	£'000
~ Formula Grant	57,534
~ Council Tax Income	77,544
~ Collection Fund Surplus – Council Tax	1,662
~ Collection Fund Deficit – Business Rates	(2,000)
Budget Requirement for Tax Setting Purposes	134,740
~ Reserves Funding (Business Rates Appeals)	2,000
Final Proposed Budget 2015-16	136,740

4. Alternative Options

- 4.1 Members could decide to spend the extra £186k on different services to the Emergency Assistance Fund.

5. Implications, Diversity Impact Assessment and Risk Management

- 5.1 As in the original report.

6. Consultees

- 6.1 The Board Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 None

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 The Council's Budget will be determined by the full Council on 23rd February 2015. This is therefore not a key decision for the Cabinet at this meeting. It is included in the Cabinet Work Programme and Forward Plan for February 2015