

UPDATE TO BUDGET AND COUNCIL TAX SETTING REPORT

1. Since despatch of the 2016/17 Budget and Council Tax Setting Report, a number of clarifications around levies and grants have become available on which this addendum to that report provides an update.

Levies

2. Levy details from The London Pension Fund Authority, Lea Valley Regional Park Authority and Environment Agency have been received by the Council. Both LPFA and Lea Valley have determined to freeze the total they collect at the 2015/16 levels whilst the Environment Agency have raised theirs by 1.99%. However due to the average taxbase across all authorities that receive the charge increasing proportionately higher to that of Westminster, this in fact means a modest reduction to each charge in comparison to the headline change.. The change to the levies are as follows:

- LPFA reduction from £1,988k to £1,967k a saving of £21k
- LVRPA reduction from £366k to £358k a saving of £8k
- Env Agency increase from £279k to £285k a cost of £6k

3. It is proposed that these savings be held to one side to meet general risks as they emerge.

Grants and Shared Funding

4. Grant allocations and notifications for both the Public Health Grant and the Better Care Fund have also now been received after despatch of the report to Cabinet.
5. The Public Health Grant has seen an increase of £1,485k to £32,886k for 2016/17. However £934k of this increase has already been anticipated and built into the budget assumptions – thus a net further increase of £551k. This grant is awarded with conditions that mean it can only be spent on prescribed Public Health activities and as such the Public Health budgets are effectively ring-fenced to balance to zero.
6. An increase of £417k has also been recently announced for the Better Care Fund. This allocation is not a grant payment, but the minimum amount the Council is required to pool with the CCG. As Westminster currently spends above this level it does not result in a change to the proposed 2016/17 budget.

Distribution of the Average Band D Council Tax

7. Schedule 8 of the Budget and Council sets out how an average Band D Council Tax charge is distributed if allocated on a pro-rata basis to service net expenditure. Rounding differences on both the proposed increases to general and Adult Social Care increases (to the nearest whole penny) and the taxbase itself have introduced an overall difference within Schedule 8. Accordingly these have now been adjusted for and a revised Schedule 8 attached as an appendix to this paper to replace the previously circulated version.

Flexible Use of Capital Receipts

8. Further guidance with regard to a relaxation of the rules around capitalising transformation costs has also been received (albeit the final Direction is still awaited).
9. Councils are to be given the temporary power to capitalise such costs for the years 2016/17 to 2018/19 subject to the following criteria:
 - Expenditure must result in identified ongoing future revenue savings;
 - Capital Receipts used to finance such expenditure must be earned in that year;
 - Full Council must approve this capitalisation prior to that year's commencement.
10. In order to allow the Council maximum flexibility to optimise its revenue and capital position it is proposed that for 2016/17 members approve up to £10m be available to capitalise by the end of the financial year, but that a final decision not be determined until closer to the year end and then be subject to approval as part of the completion of the Statement of Accounts.
11. Any expenditure which is eventually deemed to be capitalisable under this Direction would have the proposed revenue budget transferred and then become available to either:
 - Be held in reserve to fund the capital financing costs of the capital programme;
 - Fund future transformation costs beyond this period of additional capital flexibility
 - Be released back to general reserves or used to fund specific identified projects
12. In order to deliver the savings as set out in the Budget Setting Report (and longer term as contained in the three-year Medium Term Plan) significant transformation costs are anticipated to be funded from either existing revenue budgets or use of specific earmarked reserves.
13. Cabinet are thus requested to additionally recommend to Full Council that for 2016/17, a budget of up to £10m be approved for potential capitalisation of transformation expenditure (that budget to be funded from transferring individual service transformation budgets as they are identified as being eligible for such capitalisation and actual expenditure incurred

Steven Mair
City Treasurer

Schedule 8 - Uses of the Council Tax Income

	2015/16 Revised Budget (£'s)	Budget Change (£'s)	2016/17 Original Budget (£'s)
<u>Cabinet Portfolio</u>			
Leader of the Council	72.99	(42.21)	30.78
Deputy Leader - Built Environment	28.09	(23.90)	4.19
Finance & Corporate Services	(52.94)	101.24	48.30
Children & Young People	318.56	(30.04)	288.52
Housing, Regen, Business & Economic Dvlp	480.14	(8.79)	471.35
Public Protection	92.32	(5.18)	87.14
Sustainability & Parking	(448.71)	(16.57)	(465.29)
City Management & Customer Services	500.81	(47.70)	453.11
Adults & Public Health	538.33	(64.29)	474.04
Sport & Leisure	80.91	(4.84)	76.07
Net Cost of Service Provision	1,610.51	(142.29)	1,468.21
Funded By:			
Council Tax	(377.74)	(15.07)	(392.81)
Business Rates (Net of Tariff)	(658.16)	44.90	(613.26)
Revenue Support Grant	(574.60)	112.46	(462.15)
	(1,610.51)	142.29	(1,468.21)
<u>Executive Management Team Portfolios</u>			
Chief Executive / Chief of Staff	22.29	(1.78)	20.51
City Treasurer	87.09	84.63	171.80
Policy, Performance & Communications	83.76	(28.42)	55.34
Adult Services	520.96	(34.53)	486.42
Children's Services	318.56	(30.04)	288.53
City Management & Communities	195.45	(93.48)	101.97
Corporate Services	119.86	(22.59)	97.28
Growth, Planning and Housing	262.53	(16.17)	246.36
Net Cost of Service Provision	1,610.51	(142.29)	1,468.21
Funded By:			
Council Tax	(377.74)	(15.07)	(392.81)
Business Rates (Net of Tariff)	(658.16)	44.90	(613.26)
Revenue Support Grant	(574.60)	112.46	(462.15)
	(1,610.51)	142.29	(1,468.21)