REVENUE BUDGET AND COUNCIL TAX SETTING 2016/17

Cabinet Member:  Councillor David Watson
Wards Affected:  All
Officer contact:  Steve Richardson   Ext: 3322
      Email: steve_richardson@wycombe.gov.uk

PROPOSED RECOMMENDATION TO COUNCIL

That in accordance with the Council’s Budget Strategy the following items in respect of the 2016/17 revenue budget be approved:

**Strategic**
(a) The report of the Chief Financial Officer and adoption of its proposals.

**Revenue Budget**
(a) The overall General Fund revenue estimates for 2016/17 totalling £14,684k (Appendix A);
(b) The repairs and renewals fund programme totalling £544k for 2016/17 (Appendix B);
(c) The Higginson Park Trust budget for 2016/17, which requires a Council revenue subsidy of £232,400 (£292,400 2015/16), as set out in Appendix C;
(d) The Special Expenses estimates for High Wycombe Town Committee (including Fees and Charges) for 2016/17 totalling £366,200. A precept of £372,684 is proposed (£371,300 2015/16) which takes account of the impact of the government’s Council Tax Support Regulations on the calculation of the Council Tax Base. The impact of this has been negated for 2016/17 by the transfer of £37,500 from the Council's General Fund by way of a grant. This is to be funded from Council Tax Support Grant funding provided as part of the local government finance settlement. This is set out at Appendix D; and
(e) The Special Expenses estimate for West Wycombe close churchyard for 2016/17 totalling £3,100, set out at Appendix E.
(f) To consider the recommendations from the Budget Task and Finishing group and proposed responses, as set out at Appendix F

**Council Tax**
(a) It is proposed that the District Council share of the Council Tax for a Band D property will increase from £126.99 to £131.99 from April 2016.
(b) The report on the Collection Fund and parish precept requests, together with the formal report on the level of Wycombe District Council and Parish and Town Council elements of the Council Tax (Appendices G & H) and approval of the recommendations contained therein; and

(c) That the Council pays to each Parish Council and Special Expenses a share of the Council Tax Support grant necessary to mitigate the projected impact of the reduction to their respective Council Tax Base following the introduction of Council Tax Support in 2016/17 at a total cost of £128k.

Reason for Decision

To enable budgets to be set for 2016/17, at Council on 25 February 2016.

Corporate Implications

1. The financial implications are set out at Appendices A to H. The report highlights the key financial issues and risks for 2016/17 and over the medium term period.

2. Under the Local Government Act 2003, the Chief Financial Officer is required to report on the robustness of the budget. This report is part of the Council’s financial framework which supports this wider responsibility.

3. The main financial risks to the Council have been reviewed as part of this report.

Executive Summary

4. This report sets out the proposed revenue budget(s) for the Council for 2016/17 and is based on the provisional 4 year local government finance settlement, which was published on the 17 December 2015. The settlement provided confirmed figures for 2016/17 and indicative figures for the subsequent three years, with confirmation conditional on the preparation of efficiency plans by Councils. The settlement has not been confirmed at the time of writing this report.

5. The Council receives funding from Central Government towards the costs of providing services. This funding is split into two separate funding streams, Revenue Support Grant (RSG) and Retained Business Rates. The Local Government Finance Settlement has reduced these funding streams by 48% for the Council over the next four years with a 17% reduction in 2016/17. A summary of the settlement is set out in the detailed body of this report.

6. This report sets out the final budget proposals for 2016/17 following extensive work with Budget Holders and Cabinet Members to achieve a balanced budget. Within the budget proposals there are some areas of uncertainty and risk which are set out in the detailed body of the report. The budget attached at Appendix A is based on a £5.00 Council Tax increase on Band D properties for 2016/17.
7. The Strategic Budget to 2021/22 has been updated to reflect the impact of these budget proposals. The full financial projection will be updated and submitted to Cabinet as part of the full Medium Term Financial Plan in March 2016. A summary of this projection has been set out in the detailed body of this report.

8. The Medium Term Financial Projection has been updated and is summarised in table 1.0 below. This shows that the Council faces a significant challenge in continuing to deliver a balanced budget over the medium term and will either need to implement significant income growth policies or service reductions over this period, or more likely a combination of both.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Latest</td>
<td>0</td>
<td>353</td>
<td>1,322</td>
<td>1,901</td>
<td>2,130</td>
<td>2,571</td>
</tr>
<tr>
<td>July 2015</td>
<td>(815)</td>
<td>(521)</td>
<td>456</td>
<td>485</td>
<td>604</td>
<td>841</td>
</tr>
</tbody>
</table>

**NB:** Assumes a Council Tax increase of £5.00 on Band D properties in 2016/17 and no increase thereafter. New Homes Bonus continuing at £875k per annum from 2017/18. Assumed no gain / loss on Business Rates.

9. The Councils budgetary position remains extremely challenging and is subject to significant financial risks, which are explained in detail at paragraph 38.

10. In setting the 2016/17 budget, Cabinet should take account of the context of the current provisional settlement and wider financial risks, in particular:

   a. The real possibility that the 4 year funding settlement could be reopened by the government should public sector finances and the wider economy underperform against optimistic government forecasts.
   b. The settlement has been based on maximum council tax increases over the 4 year period being applied and an average growth in tax base of 2% each year which is significantly more than historic growth of 1%. These assumptions have resulted in larger amounts of funding being redistributed away from low tax authorities.
   c. The financial impact of government reforms to New Homes Bonus and Business Rates are not yet known, but early indications would strongly suggest that Councils will be exposed to greater levels of financial risk with key responsibilities also being transferred to local government. The Councils budget continues to rely on significant funding from both of these sources.

11. These risks have the potential to increase the overall funding gap from the £2.57m presented in table 1.0 above.
Sustainable Community Strategy/Council Priorities – Implications

12. The approval of the Council’s budget is key to the delivery of the Council’s priorities and achievement of the Community Strategy.

Background and Issues

13. The authority follows a robust budget setting, monitoring and forecasting process that is set out in full in the Council’s Financial Regulations. Actual net expenditure incurred in any one financial year is generally within £500,000 of the budget requirement. Cabinet receives budgetary information 4 times per year.

14. Budget holders are responsible for reviewing budgets on a minimum of a monthly basis and forecasting outturn projections. Where budget issues are identified, budget holders are required to take action to resolve potential shortfalls or overspends. This action can involve implementing temporary spending constraints, virement or implementing business process changes. Where spending cannot be kept within budget limits, the Council has put in place the following arrangements:

Contingency Fund

15. Within the Council’s baseline budget a ‘contingency’ sum is held totalling £540k to meet any unexpected or essential funding issues for which no existing or alternative budgetary provision can be found. This is managed in line with Financial Regulations.

Equalisation Fund

16. The Council established a separate reserve in 2012 in anticipation of the significant financial risks associated with the localisation of business rates and Council Tax Support. In the event that the Council loses funding through a lower yield in business rates or faces a deficit on the Collection Fund as a result of increased expenditure relating to Council Tax Support, this fund can be used to manage the impact to help deliver a balanced budget.

Working Balances

17. The Chief Financial Officer (CFO) is required to specify which of the authority’s reserves are ‘controlled reserves’ and to set a minimum balance for these reserves. If the balance on these reserves is, or is likely to become, inadequate, the CFO is required to report the reasons for that situation and the actions that it would be appropriate to take. The CFO has designated the following as controlled reserves and set a minimum balance as follows:
Table 1.1 – Recommended Minimum Working Balance Levels

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund (£k)</td>
<td>4,000</td>
<td>8,810</td>
<td>8,810</td>
</tr>
<tr>
<td>Special Expenses</td>
<td>150</td>
<td>636</td>
<td>555</td>
</tr>
</tbody>
</table>

Balances and Reserves

18. The level of uncertainty around the economy combined with the public sector spending reductions means that there is a greater need to maintain sufficient levels of reserves. In the event of unexpected financial pressures that cannot be met from within existing budgetary limits, the Council also holds a number of other reserve balances, which although earmarked, are not committed. In an extreme case resources could temporarily be diverted to support the Council’s overall budget position. The Council’s financial position therefore remains robust.

Detailed Report

Government Funding Announcements

19. This section of the report sets the overall position from the Finance Settlement and from other government department announcements in relation to 2016/17.

20. The grant provided to Local Authorities for freezing Council Tax was not renewed in 2016/17. The requirement to have a referendum for increases in Council Tax above 1.99% was retained and certain Councils were provided with extra powers to increase Council Tax above this level. Upper tier Authorities with Adult Social Care responsibilities can increase Council Tax by a further 2% before a referendum is required. Councils with a rate of Council Tax in the lowest quartile nationally, such as Wycombe District Council, have the ability to increase Council Tax by £5 on a Band D property.

21. At a national level the government have calculated that spending power of Councils will reduce by 0.5% from £44.5bn in 2015/16 to £44.3bn in 2019/20. The spending review calculation assumes that every Council will increase Council Tax by 1.75% annually and that where Councils have extra power to increase Council Tax above the 1.99% referendum limit; these are actioned in each financial year. The government have calculated that Wycombe District Council’s spending power will reduce by 10.5% over the four year spending review period, assuming that a £5 increase will be enacted in each of the four years.

22. Core grant funding made up of the Revenue Support Grant and retained Business Rates has reduced nationally by 30% over the 4 year period (48% WDC). There is a 17% reduction in funding in 2016/17 shown in table 1.2 overleaf:
### Table 1.2 – 2016/17 – 2019/20 Provisional Local Government Finance Settlement

<table>
<thead>
<tr>
<th>Split of Formula Grant</th>
<th>2015/16 £'000s</th>
<th>2016/17 £'000s</th>
<th>2017/18 £’000s</th>
<th>2018/19 £’000s</th>
<th>2019/20 £’000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSG</td>
<td>2,475</td>
<td>1,490</td>
<td>640</td>
<td>120</td>
<td>0</td>
</tr>
<tr>
<td>Retained Business Rates</td>
<td>3,037</td>
<td>3,060</td>
<td>3,120</td>
<td>3,210</td>
<td>2,860</td>
</tr>
<tr>
<td><strong>Total Grant Funding</strong></td>
<td><strong>5,512</strong></td>
<td><strong>4,550</strong></td>
<td><strong>3,760</strong></td>
<td><strong>3,330</strong></td>
<td><strong>2,860</strong></td>
</tr>
<tr>
<td><strong>Percentage Reduction from prior year</strong></td>
<td><strong>15.3%</strong></td>
<td><strong>17%</strong></td>
<td><strong>17%</strong></td>
<td><strong>11%</strong></td>
<td><strong>14%</strong></td>
</tr>
<tr>
<td><strong>Cumulative Cash Funding Reduction</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>48%</strong></td>
<td></td>
</tr>
</tbody>
</table>

23. Funding figures for 2016/17 are confirmed and are indicative for the subsequent three years. The Government have announced that agreement of these figures is contingent on the production of an Efficiency Plan. Details on what is required have not yet been provided by Central Government and therefore the impacts of preparing this and accepting the indicative figures or otherwise cannot be assessed at this stage. A further report will be submitted to Cabinet once more information has been provided.

**Retained Business Rates**

24. The Council’s funding baseline has been set at £3.061m and Safety Net at £2.812m, which means the maximum loss in grant with a fall in business rates next year will be £249k in 2016/17 (£228k in 2015/16).

25. The Council’s funding baseline (retained business rates) income has increased in 2016/17 by 0.8% as it is linked to the Retail Price Index rate at September 2015. A number of other measures announced as part of the Autumn Statement in 2014 to assist the business community including an extension to Small Business Rate Relief and other targeted discretionary reliefs are to be continued. All of these measures impact on the net business rates yield and CLG have confirmed that local authorities will continue to be compensated for this through Section 31 grant payments.

**Business Rates Pooling**

26. During 2015/16 officers within Authorities in the Buckinghamshire area investigated the possibility of setting up a Business Rates pool, sharing growth to retain more funds locally. Due to Wycombe District Council’s high Business...
Rates tariff level set by Central Government, it was not financially advantageous for the other Councils to include Wycombe as part of a pool. Accordingly the Council has not entered into any pooling arrangements for 2016/17.

Business Rates Forecast

27. A summary of the Business Rates position for 2014/15 (Actual), 2015/16 and 2016/17 Estimates is shown below in Table 1.3. The Budgeted level of NDR income has been calculated on the NNDR1 form in accordance with Statutory Provisions.

Table 1.3 Business Rates Income

<table>
<thead>
<tr>
<th></th>
<th>2014/15 Actual £’000</th>
<th>2015/16 Forecast £’000</th>
<th>2016/17 Forecast £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Rate Income</td>
<td>(67,811)</td>
<td>(72,009)</td>
<td>(73,947)</td>
</tr>
<tr>
<td>WDC Share of Business Rate</td>
<td>(27,125)</td>
<td>(28,804)</td>
<td>(29,579)</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tariff Payable to Central</td>
<td>24,340</td>
<td>24,806</td>
<td>25,005</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business Rate Relief</td>
<td>(477)</td>
<td>(466)</td>
<td>(428)</td>
</tr>
<tr>
<td>S31 Grant Discretionary</td>
<td>(68)</td>
<td>(85)</td>
<td>(30)</td>
</tr>
<tr>
<td>Relief</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WDC Income net of Tariff</td>
<td>(3,329)</td>
<td>(4,549)</td>
<td>(5,032)</td>
</tr>
<tr>
<td>and Reliefs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WDC Business Rates Baseline</td>
<td>(2,980)</td>
<td>(3,037)</td>
<td>(3,061)</td>
</tr>
<tr>
<td>Levy Payable by WDC to</td>
<td>175</td>
<td>756</td>
<td>986</td>
</tr>
<tr>
<td>Central Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WDC Retained Income from</td>
<td>3,155</td>
<td>3,793</td>
<td>4,047</td>
</tr>
<tr>
<td>Business Rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Rates Surplus over</td>
<td>175</td>
<td>756</td>
<td>986</td>
</tr>
<tr>
<td>Baseline – Transfer to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Rates Adjustment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business Rates Cash flow

Accounting rules governing Business Rates require that the Council’s budgeted share of income is transferred to the General Fund each year whilst a separate account called the Collection Fund manages the differences between outturn and the budget. Surpluses or Deficits on the Collection Fund are adjusted for by a redistribution or recovery in future years.

The cash flows relating to Business Rates are subject to significant fluctuation. Levies on in-year Business Rate growth are payable in the year
they occur, despite the accounting arrangements for the Collection fund meaning that the benefits of the growth are not realised till future years.

However the most significant impact arises from Business Rate appeals, where the Council has had to set aside an estimate of the level of appeals that will be successfully lodged. This estimate is made against a background of national changes on appeals regulations, queries on business rates being raised at a national level by large organisations and is reliant on the speed at which the Valuation Office process claims. 2014/15 saw a national surge in appeals lodged at the end of the financial year as new Government legislation prevented claims from 1 April 2015 being backdated beyond that financial year. There are also material claims being made for backdated mandatory relief, which if successful would significantly reduce the forecasted income shown in table 1.3.

Ongoing volatility with the amount budgeted to be provided for and what is actually set aside at the end of the financial year has resulted in cash flow differences in the Collection Fund. These cash flow variations, which will even out over a period of time, will be managed by either adding to or utilising the Council’s reserves as required.

In 2016/17 the Council’s forecasted share of surplus is £986k. This is subject to significant uncertainty and risk and therefore as with previous years the Council has adopted a prudent approach to utilising surpluses from Business Rates income only at the point at which they are realised. This projected surplus will be held in the Business Rates Adjustment Account and if realised a decision on its application made at the end of 2016/17.

Revenue Support Grant

28. This has been reduced from £2.475m to £1.490m in 2016/17 (17%). When the current system was introduced Revenue Support Grant represented 60% of the Council’s formula grant in 2013/14, with business rates representing the other 40%. RSG has now reduced to 33% from 2016/17, with business rates representing 67% of total formula grant.

Other Government Grant Announcements

Disabled Facilities Grants

29. The government have not yet confirmed the total grant payable in 2016/17. This is the second year that this funding has been paid as part of the Better Care Fund grant to BCC, rather than directly to District Councils who have a statutory obligation to provide Disabled Facilities Grants to eligible residents for adaptations.

Housing Benefit Administration & Council Tax Support Administration Grants

30. The government restructured the payment of Housing Benefit Administration Grant in 2014/15. This grant was previously paid by the DWP to Billing Authorities to offset the costs of administering the national Housing and former Council Tax Benefit schemes. Following the localisation of the Council Tax Benefits scheme in April 2013 the administrative funding was split between
DWP (Housing Benefits) and CLG (Council Tax Support). The table below shows the impact of the funding announcements for 2016/17 compared with the current funding in 2015/16. In overall terms funding for the HB Administration Grant has been reduced by a further 12.3% in 2016/17. There has not been any announcement made in respect of Council Tax Support Grant and the figure shown below is based on the Medium Term Financial Plan.

Table 1.4 – HB/CTS Administration Grant

<table>
<thead>
<tr>
<th>Grant</th>
<th>2015/16 £’000s</th>
<th>2016/17 £’000s</th>
<th>Movement £’000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB Administration</td>
<td>528</td>
<td>463</td>
<td>65</td>
</tr>
<tr>
<td>CTS Administration*</td>
<td>132</td>
<td>120</td>
<td>12</td>
</tr>
</tbody>
</table>

*This is based on an estimate, official grant announcement not yet made.

New Homes Bonus

31. The total allocation for 2016/17 totals £1.461 billion for English local authorities. This funding has been top sliced from the total amount of formula grant available for local government. Since the New Homes Bonus was introduced, the Government has allocated £3.4bn delivering over 700,000 homes and bringing over 100,000 long term empty properties back into use.

32. The basis of funding allocations is set on the total increase in new build properties and net change in long term empty properties from the previous October. The figures for Wycombe District Council are shown in table 1.5 overleaf.

33. The funding position for Wycombe under the provisional announcement for 2016/17 is £3.665m (£3.260m 2015/16) which is an increase of £405k. Within the MTFP, £1.152m of the New Homes Bonus Grant is allocated to support the General Fund.
### Table 1.5 – New Homes Bonus Settlements and Allocation of Funds

<table>
<thead>
<tr>
<th>Allocation</th>
<th>2011/12 £'000s</th>
<th>2012/13 £'000s</th>
<th>2013/14 £'000s</th>
<th>2014/15 £'000s</th>
<th>2015/16 £'000s</th>
<th>2016/17 £'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHB Award</td>
<td>585</td>
<td>1,585</td>
<td>2,222</td>
<td>2,806</td>
<td>3,260</td>
<td>3,665</td>
</tr>
<tr>
<td>Major Projects Programme</td>
<td>585</td>
<td>1,585</td>
<td>1,585</td>
<td>1,585</td>
<td>1,585</td>
<td>2,513</td>
</tr>
<tr>
<td>Revenue Budget</td>
<td>0</td>
<td>0</td>
<td>600</td>
<td>800</td>
<td>1,000</td>
<td>1,152</td>
</tr>
<tr>
<td>Revenue Development Reserve</td>
<td>0</td>
<td>0</td>
<td>37</td>
<td>424</td>
<td>675</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total New Homes Added Years 1 - 6</strong></td>
<td><strong>2578</strong></td>
<td><strong>2578</strong></td>
<td><strong>2578</strong></td>
<td><strong>2578</strong></td>
<td><strong>2578</strong></td>
<td><strong>2578</strong></td>
</tr>
<tr>
<td>Net Empty Properties brought back into use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>289</strong></td>
</tr>
<tr>
<td>Affordable Units</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>631</strong></td>
</tr>
</tbody>
</table>

34. The Government is currently consulting on ‘sharpening the incentives’ for New Homes Bonus, likely to result in a reduction in funding allocated to Councils in future years. The Consultation closes on 10 March 2016. Proposals being consulted upon include:

- Reducing payments period from 6 years to between 2 and 4 years
- Withholding bonus where a Local Authority has not published its Local Plan (50% reduction) or 100% where it has not issued the Plan
- Reducing payments for homes built on appeal, suggestion by 50% of the bonus amount
- Removal of deadweight – discounting 0.25% of all property growth on the basis that this would have happened anyway.

The Council will be preparing a response to these proposals.

### Council Tax Income

35. The Council Tax Base (total number of estimated Council Tax Band D properties) has increased from 65,726 to 66,373 in 2016/17. This increase has generated an additional £82k in Council Tax income for 2016/17.
36. In addition to this the Collection Fund surplus has been projected at £2,000,000. This is shared with other major preceptors in proportion to their share of Council Tax. Wycombe’s share of this is £220k. This is a one-off adjustment.

Transformation Savings

37. Included within the 2016/17 budget is £1,279k in transformation savings including £956k additional income from new property investments. There are risks associated around the delivery of some of these projects which will be key to achieving a balance budget.

Financial Risks

38. Other Key Inherent Budgetary Risks

- Business Rates – The Council’s funding from central government includes £3.061m from retained business rates (Funding Baseline). Since April 2013 the Council carries 40% of the financial risk associated with the level of net income that is actually achieved in the year. If the total income received is less than the funding baseline then the amount of funding the Council can retain can be reduced by 7.5% (£249k).

   There are also risks regarding business rates retention by Councils, proposed to be implemented by the end of the Parliament. The Government intend the retention of business rates by Local Authorities to be revenue neutral for the Government and intend to achieve this by devolving responsibilities to Local Authorities. It is not clear at this stage what these additional responsibilities will be. The Government have also indicated that the redistribution mechanism of ‘Tariffs and Top-Ups’ will remain and it is not clear how Business Rates will be distributed nationally.

- Political / Economic – Core grant funding has been reduced by 48% for Wycombe District Council over the next four years as the Government aims to move from a budget deficit to a budget surplus by the end of the Parliament. This has increased the budget gap in future years for the Council.

- Council Tax Support - The Council set a discount scheme in 2013/14 designed to mitigate the projected shortfall in Council Tax Support grant it received from government. The Council together with other precepting bodies is responsible for the financial costs of any increase in take up for this discount and uncollected payments. By 2019/20 the cost of the scheme will be met 100% locally and therefore the full financial risks of increased costs will rest with the precepting Councils including Wycombe District Council.

- Delivering Future Savings and Transformation – The budget continues to rely on a significant level of savings and income generation, which includes the identification of opportunities and the delivery of projects to generate
funds. Any delays or failure to deliver these could add significant strain on the Council’s budget position both in 2016/17 and beyond. Progress will be reported to Cabinet as part of the regular budget monitoring reports.

- **Universal Credit / Welfare Changes** – From 2017/18 welfare changes will begin to impact more significantly with the rollout of Universal Credit which is likely to have a major impact on Housing Benefits grant and administration grant funding.

- **Homelessness** – Demand for assistance is expected to increase during 2016/17, with more families seeking support and assistance. This has been the experience in 2015/16. The impact of the welfare changes will also become increasingly more challenging for those at risk. Improvements to the service are currently being implemented which will improve the Council’s ability to manage this and expected financial pressures.

- **Estates** – The budget proposed for 2016/17 reflects a prudent view on future income, however, the income generated from the Council’s property portfolio is the 2nd largest source of income and the loss of existing tenants / default does present an on-going risk to the Council’s budget. To help balance the Council’s budget over the medium term, the ability to develop and grow this income stream will be essential.

- **New Homes Bonus** – The Government are consulting on a range of measures designed to significantly reduce payments and influence planning decisions. There are considerable financial risks associated with these changes that could impact on the Medium Term Financial projection.

**Repairs and Renewals – Appendix B**

39. The Council operates a range of operational building to provide services. A separate fund is held to provide funding for major works and the replacement of components to these buildings. The budget for 2015/16 totals £544,000 as is attached at Appendix B.

**Higginson Park Trust – Appendix C**

40. The Council is the sole trustee for the Higginson Park Trust in Marlow. The Council provides a subsidy to the Trust to support leisure and recreational activities that the Council would otherwise provide. The budget for this has to be separately approved by Council.

**High Wycombe Town Committee – Appendix D**

41. The estimate for the Special Expenses is set out in Appendix D. The precept demand has increased from £371,300 to £372,684. Included within the estimates is a grant from the Council’s General Fund of £37,500 to cover the impact of Council Tax Support reduction which has lowered the council tax base. The current charge proposed of £17.33 (Band D) represents a 1% reduction on 2015/16. Working balances at 1st April 2015 were £636,174 and
are expected to reduce to £554,858 by 31st March 2017, comfortably above the minimum recommended balance of £150k.

**West Wycombe Closed Churchyard Special Expenses – Appendix E**

42. At Council on 12 December 2005 it was agreed to create a Special Expenses item against West Wycombe Parish covering the costs of maintaining the closed churchyard at St Lawrence. An estimate summary is attached at Appendix E.

**Council Tax and Parish Precepts – Appendix G & H**

The formal statutory report on the estimated Collection Fund balance and the setting of the Wycombe District Council part of the Council Tax (including the parish / town council and special expenses element) is attached at Appendix G. Also at Appendices G & H are a list of the parish / town precept requests and the resultant Band D Council Tax for members’ information.

**Major Projects Programme**

The Major Projects Programme is not included as part of this report having been approved separately by Cabinet in November 2015.

**Consultation**

43. The Improvement and Review Commission’s Budget Task and Finish Group have been meeting over the past 6 months to consider the budget. The first stage report was considered in December 2015 and their stage 2 report is attached at Appendix F.

**Options**

44. The Council has 6 options in relation to Council Tax for 2016/17 as follows:

A. Increase Council Tax by £5 per Band D Property (3.77%) as assumed by Central Government’s spending power reduction.

B. Increase Council Tax by £2.64 (1.99%) in line with the assumptions built into the Council’s Medium Term Financial Plan prior to the announcement of the local government finance settlement.

C. 0% increase in Council Tax

D. Increase Council Tax by above £5 per Band D Property (3.77%) and seek a referendum

E. Increase Council Tax by an amount between £0 and £5 per Band D Property (3.77%)

F. Reduce Council Tax per Band D Property
Following the publication of the provisional finance settlement the Council will now receive significantly less funding than had been originally projected. By the end of the settlement period the Council will receive £2.6m less in funding each year. A key reason for this level of reduction was the presumption in the spending power calculation that Councils with lower quartile council tax would increase their share of tax by the maximum sum of £5.00 on a Band D property in each year of the funding settlement. This represents a significant departure on previous government policy.

There are also significant risks in respect of the continuation / amount of New Homes Bonus funding, which is the subject of a further consultation. The current and future revenue budget continues to rely on £875k of New Homes Bonus funding from 2017/18 onwards and this will need to be reviewed once the details of the changes are known.

Beyond 2016/17 the government intend to transfer 100% of business rates funding to local government (currently 50%). As part of this transfer government will be passing responsibilities to local government, which may include Non-Working Age Housing Benefits and Attendance Allowance. Based on the experience of Council Tax Support there are significant concerns over how the funding risks will be passed across and potential unknown cost pressures that this could result in.

The proposed increase in Council Tax of £5.00 on a Band D for 2016/17 would be the first increase since 2010/11. The Council will continue to have one of the lowest levels of Council Tax in the Country and lowest in Buckinghamshire. Even with this increase the Council still has projected savings to make of £2.5m by 2021/22.

Conclusions

45. A balanced budget for 2016/17 has been achieved. As the level of financial risk that the Council faces continues to increase, particularly given the changes to local government finance, further saving programmes will need to be identified over the next 12 months to ensure that a balanced budget can be achieved towards the latter years of the current Comprehensive Spending Review (CSR) period.

Next Steps

46. The budget and Council Tax proposals will be presented to Full Council on 25 February 2016.

Background Papers
These are held in Finance and Commercial Services