

**STRATEGY AND RESOURCES COMMITTEE  
29 SEPTEMBER 2015**

**BUDGET TARGETS 2016-17**

<u>Report of the:</u>	Director of Finance and Resources
<u>Contact:</u>	Kathryn Beldon
<u>Urgent Decision?(yes/no)</u>	N/A
<u>If yes, reason urgent decision required:</u>	N/A
<u>Annexes/Appendices (attached):</u>	Annexe 1: Minutes of the meeting of the Financial Policy Panel dated 8 September 2015; Annexe 2: Report to Financial Policy Panel 8 September 2015 (Item 3 : Budget Targets 2016/17)
<u>Other available papers (not attached):</u>	Four Year Financial Plan 2012-2016

**REPORT SUMMARY**

**This report updates the financial forecast and recommends financial targets for preparing the draft budget for 2016/17 and financial planning for 2017/18, 2018/19 & 2019/20 as recommended by the Financial Policy Panel**

**RECOMMENDATION (S)**

- (1) That the Committee receives the Minutes of the meeting of the Financial Policy Panel held on 8 September 2015;**
- (2) That the Committee agrees the following overall revenue budget target for 2016/17:-**
  - (a) estimates are prepared including options to reduce organisational costs to reduce organisational costs by £650,000 subject to government grant announcement, to minimise the use of working balances and maintain a minimum working balance of £2.5million in accordance with the Medium Term Financial Strategy;**
  - (b) that at least £400,000 additional revenue is generated from an increase in discretionary fees and charges, based on an overall increase in yield of 6.0%;**

*Notes*

(c) that a provision for pay award is made of £230,000 that represents a 1.5% increase;

(3) That further savings are identified for inclusion within the medium term financial strategy that will reduce the Council's net operating costs by a minimum of £1,644,000 over the period 2017/18 to 2019/20.

(4) That the Capital Member Group seeks to limit schemes included within the capital expenditure programme that enable the retention of agreed minimum level of capital reserves.

## **1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

1.1 The recommendation in this report is consistent with the Council's four year financial plan 2012-2016 and the Medium Term Financial Strategy.

## **2 Financial Policy Panel**

2.1 At its meeting on 8 September 2015, the Financial Policy Panel received detailed financial analysis, including forecasts of the budget position, in the Budget Targets report.

2.2 The Minutes of the Meeting of the Panel are attached as Annexe 1 to this report and a copy of the Budget Targets report considered by the Panel is attached at Annexe 2. Having considered the report, it was recommended by the Panel that the minimum increase in yield from fees and charges for 2016/17 change from 3% to 6%, targeting a further £200,000 of additional income.

## **3 Proposals**

3.1 That the Committee endorses the budget targets recommended by the Financial Policy Panel.

## **4 Financial, Manpower and Legal Implications**

4.1 As set out in the report to the Financial Policy Panel

## **5 Risk Assessment and Conclusions**

5.1 The financial risks for budgets over the next four years are set out in the Budget Targets report attached at Annexe 2. Most significant continues to be increased homelessness expenditure, the impact of further benefit reforms being proposed by government and continuing reductions in government grant funding.

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- 5.2 Action required to manage these risks is also set out in that report, including the need to deliver costs reductions in the region of £850,000 in 2016/17 (based on the assumption when the report was written that fees and charges would increase by 3%) and £2.5million over the next four financial years.
- 5.3 The Financial Policy Panel received a detailed review of revenue and capital reserves within the Budget Targets Report. The report also included comparative data on other Surrey District Council Taxes.
- 5.4 The Council's Medium Term Financial Strategy includes measures to reduce spending and generate additional income to offset the impact of government funding cuts. The Financial Policy Panel received an updated financial forecast and cost reduction plan both included within the Budget Target report.
- 5.5 Following the Committee's approval of budget targets, the policy committees will be asked to give guidance on the preparation of detailed service estimates in the October/November committee cycle including any specific service reviews.
- 5.6 The Financial Policy Panel will next receive an update on the budget position for 2016/17 in December 2015 when the draft estimates have been prepared. The provisional local government finance settlement may have been announced by central government in time for the December meeting.

**WARD(S) AFFECTED: N/A**