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**2017/18 General Fund Budget & Council Tax Setting**


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**SYNOPSIS**

This report sets out the proposed General Fund budget for 2017/18, as recommended by the One Corby policy Committee on the 7<sup>th</sup> February 2017. A Council Tax increase of £5 (2.8%) is recommended. The proposed budget shows a balanced and sustainable position in line with the Medium Term Financial Strategy (MTFS).

**1. Relevant Background Details**

The Budget for 2017/18 is now presented for approval represents the culmination of a process that has involved Members, Officers, and a period of public consultation. This budget, and the recommended Council Tax increase of £5 (2.8%), was approved by One Corby Policy Committee on 7<sup>th</sup> February.

**2. Report****Service Budget for 2017/18**

The proposed budget for 2017/18 for the General Fund is detailed in Appendix A. A total budget of £8.658m is in line with the parameters of the MTFS.

**Changes from 2016/17 Approved Budget**

The reduction of £261k in net expenditure from 2016/17 is made up of a significant number of variances. A schedule of these is set out in Appendices B and summarised in the table below.

	<b>£'000</b>
Inflation and Other Cost Increases	252
Unavoidable Growth & Spending Pressures (as per MTFS)	393
Other Growth & Spending Pressures	45
Efficiency and Other Savings	(333)
Changes in Income Volumes	(89)
Technical Adjustments	(529)
<b>Total Variances</b>	<b>(261)</b>

The variances are heavily influenced by the One Corby priorities and support the aim of maintaining regeneration and growth.

## Council Tax

Appendix A shows direct Council Tax income of £3.383m in 2017/18.

This assumes that an increase of £5 (2.79%) in the Council Tax will be supported. This is currently the maximum amount allowed without triggering a local referendum and it represents a change in Government policy from last year when increases were capped to 2% for most authorities. Whilst Members can choose not to increase the Council Tax, it should be noted though, that this creates an ongoing future pressure as our finances and will require additional savings to be found. Every 1% increase equates to approximately £33k of additional income. An increase of £5 would maintain our share of the Council Tax at the following levels:

Band	2017/18 Tax £	2017/18 Weekly Amount £
A	123.0	2.37
B	143.5	2.76
C	164.0	3.15
D	184.5	3.55
E	225.5	4.34
F	266.5	5.13
G	307.5	5.91
H	369.0	7.10

The overall impact will depend upon the increases made by the County, the Police and Parish Councils, since the Corby element accounts for only 12% of the total bill. Just over half of Corby residents live in Band A properties and nearly three quarters live in either Band A or Band B properties, so the average Council Tax for Corby is likely to continue to be the second lowest District Council in the County for 2017/18.

## Other Funding

The other main sources of funding for the General Fund service provision are summarised in Appendix A. A key point to note is that the formula grant that we receive from Central Government has reduced from last year and this trend will continue over the following 2 years as the formula grant is phased out.

For Business Rates, a baseline has been set and any increase over and above this amount will be retained locally. Conversely, any reduction will have to be met locally. Corby has entered into a pooling arrangement with other authorities within Northamptonshire to spread the risk and share any collective potential growth from Business Rates.

In view of the potential growth that has occurred within Corby, it is likely that we will benefit from additional business rates income each year. However, this will not be confirmed until after each year end and so we have to accrue for this potential additional income when our accounts are closed down. At this point, any additional income over and above what has been budgeted for is transferred to a specific reserve to support the following year's budget setting processes. This is in line with the MTFS that assumes that any additional income in this respect will be used to fund future budgets once the amount is known. The time lag between receiving the income and then budgeting for it will also a potential future exit strategy if and when the scheme is revised or if business rates income levels reduce.

It should also be noted that the other key source of funding within the General Fund is the New Homes Bonus income. This is a reward grant for new homes growth and although this source of funding continues to effectively underpin the budget this funding stream has been revised downwards following a government consultation exercise that has been undertaken in respect of this.

### **Levels of Balances, Contributions to Reserves and Financial Risks**

The Local Government Act 2003 requires the Chief Financial Officer to confirm the adequacy of reserves. The robustness of the budgets, as detailed below, the maintenance of a strategic risk register and the continued improvement in budget monitoring enable the minimum level of balances to be maintained at £800k. This figure is a statutory minimum level to cover any unforeseen risks or emergencies and sets the target below which the MTFS should not project balances to go.

The projected level of General Fund balances in hand at the end of 2016/17, excluding any additional contributions from 2016/17 underspends, is around £8.4m. This includes a general reserve of £3.2m that is above the prudent minimum of £800k. A breakdown of all general fund reserves can be seen in the table below:

Reserve	2016/17 Year End Amount £k
General Medium Term Funding Reserve	3,175
Future Interest Rate Increase Reserve	1,000
Cube CBC & Tenants Sinking Fund Reserve	496
Pool Sinking Fund Reserve	300
Other CB Property Buildings Reserve	200
Other Non CB Property Buildings Reserve	105
Tree Maintenance Reserve	100
New Homes Bonus Reserve	3,000
<b>Total</b>	<b>8,376</b>

Although the reserves total of £8.4m represents a significant achievement and demonstrates that the Council is acting in a financially prudent manner, the reserves strategy approved by OCPC in September 2013 and a breakdown of the Earmarked Reserves requirement calculation of £8.7m shown in Appendix C recognises that this trend needs to continue in order to cover the future risks that we face. The most significant of these include Business Rates, the New Homes Bonus, future investment required in our buildings and facilities, and further Government funding cuts.

In support of this Appendix A also shows that a contribution of £826k to reserves is currently being provided for in 2017/18. This contribution will reduce if any further pressures are included. In view of the general risks the Council faces it is proposed as part of this report that the £826k, (or the eventual amount) be transferred to the Medium Term Funding Reserve to help mitigate these potential uncertainties.

## **Robustness of Budgets**

The Local Government Act 2003 also requires the Chief Financial Officer to include in this report a statement regarding the robustness of the financial estimates. This is clearly linked to the adequacy of reserves and in concluding that the Proposed Budgets as presented are robust, I have taken account of the following factors:

- A provision for a 2017 pay award has been included at a level of 1%. Contractual inflation is included where appropriate.
- Increases in fees and charges are in line with the agreed strategy, and increases have been made in recognition of market conditions and levels of demand, as well as appropriate levels of subsidy for a service.
- The Proposed Budgets include efficiency and other savings that are not expected to have a significant detrimental impact on service delivery and performance.
- The budget process has included opportunities for all Heads of Service and Directors to highlight any requirements to meet new responsibilities and government regulations.
- There are no unallocated savings targets included within the budgets.

Proposals for ongoing budget growth are limited to affordable levels, and are linked to the Council's corporate objectives and One Corby priorities.

## **2018/19 – 2021/22 & Prioritising Services**

Whilst this report is about the 2017/18 Budget it is worth noting that the MTFS highlights the potential need to find savings in 2 to 3 years times if current austerity measures continue. It is clear that there are considerable uncertainties involved in medium term planning in the current climate and that Local Government will continue to be adversely affected by Central Government spending cuts. Whilst the extent of these measures is uncertain, there remains a likelihood that we may have to priorities which services we undertake and fund in the future.

### **3. Options/Other Factors to Consider**

The proposed budget savings and pressures have been subject to public consultation in December and January and represent a considerable achievement of both officers and members in that is the budget sustainable, balanced and in line with the Medium Term Financial Strategy. Moreover, it also allows for a contribution to reserves. If any increases to the budget are proposed or agreed, or any previously identified savings removed without a corresponding decrease in expenditure or increase in income, the contribution to reserves will be reduced accordingly.

Consideration could also be given to varying the Council Tax increase from the recommended £5 (2.79%) increase. Any increase over and above £5 would be subject to a public referendum. Every 1% represents approximately £33k.

For future years the financial situation could remain challenging if government cuts continue or if business rates reduce and it is widely accepted in local government that at some point we may have to stop providing the level and range of services that we currently do. Consideration therefore also needs to be given to which services will be given the most priority in respect of this.

### **4. Issues to be taken into account:**

#### ***Policy Priorities***

Budgetary savings and expenditure should be clearly linked to the Council's One Corby priorities.

### **Financial/Risks**

These are referred to within the report. There is a statutory requirement to set a balanced budget in 2017/18 in line with the requirements of the MTFS.

### **Performance Information**

Heads of Service are charged with delivering service improvements included in their service plan within the budgets allocated.

### **Legal**

No specific issues to highlight.

### **Human Rights, Equalities, Community Safety, Sustainability**

Consideration will need to be given to the impact of the changes on all the above statutory and policy priority areas.

## **5. Conclusion**

The proposed General Fund budget for 2017/18 shows a balanced and sustainable position in line with the MTFS, whilst allowing a modest provision for growth and an increase in our reserves in order to help mitigate ongoing risks.

## **6. Recommendations**

That Full Council:

- (i) Approve the 2017/18 Budget as set out in Appendix A;
- (ii) Approve a 2017/18 Council Tax for Corby Borough Council of £184.50, an increase of £5 (1.9%) over 2016/17; and
- (iii) Approve the Council Tax resolution as set out in Appendix C.

### **Background Papers**

2017/18 Budget Working Papers

MTFS Working Papers

### **Consultations**

Public consultation on budget proposals was undertaken through December and January with a closing date of 6<sup>th</sup> January 2017. This included writing to each Parish Council, press articles and public feedback through the Council's website.

In total 1 response was received and this supported the proposed Council Tax increase of £5 and also advocated that health, policing, education, leisure services, regeneration &, housing should be a priority for local services whereas doubling the population should not be a priority as infrastructure and facilities are not meeting the demand.

### **List of Appendices**

Appendix A – General Fund Budget Summary & Funding 2017/18

Appendix B – Variance Analysis 2016/17 to 2017/18

Appendix C – Council Tax Resolution (to be updated at the meeting if any changes take place before then when the County Council and the Police set their budgets)

### **Wards**

All

### **Officer to Contact**

Adrian Sibley, Director of Corporate Services, 01536 464125

General Fund Proposed Budget 2017/18

Appendix A

Service	2016/17 Original Budget Gross Expenditure	2016/17 Original Budget Gross Income	2016/17 Original Budget Net	2017/18 Original Budget Gross Expenditure	2017/18 Original Budget Gross Income	2017/18 Original Budget Net	Variance between Years (Net)
	£	£	£	£	£	£	£
Chief Executive	1,983,980	(847,331)	1,136,649	2,128,746	(899,779)	1,228,967	92,318
Neighbourhood Pride : GF	1,231,745	(602,166)	629,579	1,316,162	(749,232)	566,930	(62,649)
Environmental Quality	6,546,944	(2,017,284)	4,529,660	6,624,065	(2,008,931)	4,615,134	85,474
Regeneration and Growth	1,468,483	(727,356)	741,127	1,468,873	(729,116)	739,757	(1,370)
Culture & Leisure	5,971,331	(2,755,946)	3,215,385	6,133,879	(2,912,310)	3,221,569	6,184
Financial Services	25,190,472	(22,879,846)	2,310,626	25,050,800	(22,974,611)	2,076,189	(234,437)
Legal Services	562,159	(519,863)	42,296	582,072	(521,476)	60,596	18,300
Property Services	3,935,648	(5,779,196)	(1,843,548)	4,493,532	(6,196,607)	(1,703,075)	140,473
Customer First	2,076,542	(2,076,542)	0	2,247,048	(2,247,048)	-	-
Human Resources	266,765	(249,397)	17,368	276,238	(260,427)	15,811	(1,557)
Transport & Plant	51,537	(51,537)	0	54,267	(54,267)	-	-
<b>Net Cost of Services</b>	<b>49,285,606</b>	<b>(38,506,464)</b>	<b>10,779,142</b>	<b>50,375,682</b>	<b>(39,553,804)</b>	<b>10,821,878</b>	<b>42,736</b>

**Appropriations**

Depreciation Adjustment	(1,860,534)	(2,164,097)	(303,563)
<b>Budget Requirement</b>	<b>8,918,608</b>	<b>8,657,781</b>	<b>(260,827)</b>

**Funded by**

Formula Grant - Grant	1,042,259	642,066
Formula Grant - Business Rates	1,935,182	1,974,691
Business Rates Growth	766,000	1,000,000
Council Tax	3,211,614	3,382,992
New Homes Bonus	3,135,998	2,483,823
<b>Total: Funding</b>	<b>10,091,053</b>	<b>9,483,572</b>

Contribution to Balances	1,172,445	825,791
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<u>Variance Analysis</u>		£	£
2016/17 Approved Budget		8,918,608	
2017/18 Draft Estimate		8,657,781	
<b>Increase/(Decrease) from 2016/17 to 2017/18</b>		<b>(260,827)</b>	
<b><u>Inflation &amp; Other Cost Increases/Decreases</u></b>			
Kier Contract Indexation (as per MTFS)		63,220	
Pensions Deficit Increase (as per MTFS)		95,000	
Incremental Increase in Salaries (as per MFTS)		27,011	
Pay awards increase in Salaries		68,788	
Pensions		20,266	
NIC Increase		15,110	
Other Salary Increases		27,633	
Increase in Employers Pension contribution		176,276	
Decrease in Pension Deficit contribuion		(241,693)	
			<b>251,611</b>
<b><u>Unavoidable Growth/Spending Pressures</u></b>			
DWP Admin Grant Reduction		56,000	
Insurance (IPT)		19,560	
Bangrave Road (as per MTFS)		157,000	
Street Scene (as per MTFS)		50,000	
Apprenticeship Levy (as per MTFS)		46,000	
Pensions Auto Enrolment (as per MTFS)		40,000	
Digitalisation (as per OCPC Feb 2016)		24,780	
			<b>393,340</b>
<b><u>Savings/Pressures</u></b>			
Community Levy (as per MTFS)		(30,000)	
Coronation Park (as per MTFS)		(30,000)	
Community Set up costs (as per MTFS)		(15,000)	
			<b>(75,000)</b>
<b><u>Savings Proposals (as per MTFS)</u></b>			
Mixed Dry Recycling		(71,500)	
EnCor Shared Services		(35,000)	
CEC Efficiency savings		(40,000)	
Security Savings		(12,000)	
Property Income		(20,000)	
Swimming Income		(79,450)	
			<b>(257,950)</b>
<b><u>Other Savings/Pressures</u></b>			
Services, Repairs & Maintenance, Utilities		10,859	
Recycling Credit - Food Waste		34,000	
			<b>44,859</b>
<b><u>Changes In Income Volumes</u></b>			
Fees & Charges (as per MTFS)		(30,000)	
Additional Income CB Property		(6,613)	
Private Section Housing Income		(17,350)	
Recycling Credit - Mixed Dry/Green		(34,500)	
			<b>(88,463)</b>
<b><u>Technical Adjustments</u></b>			
Housing Benefit Adjustment		-	
MRP Reduction as per MTFS not included in base budget		(400,000)	
Support Services		(129,224)	
			<b>(529,224)</b>
<b>Variance between 16/17 Approved &amp; 17/18 Draft Estimate</b>			<b>(260,827)</b>



3. That the following amounts be now calculated for the year 2017-18 in accordance with Sections 31 to 36 of the Act.

£

- (a) 46,226,258 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act.  
*(Gross expenditure, parish expenses, any contingencies, any provision for reserves)*
- (b) 39,037,765 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.  
*(Gross income, any use of reserves)*
- (c) 7,188,493 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (d) 3,616,757 Being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant and increased by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the directions under section 98 (4) of the Local Government Finance Act 1988.  
*(Business Rates, Government grant, relevant special grant, any surplus or deficit from the council tax collected)*
- (e) 194.79 Being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 1(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. *(Net expenditure including parish precepts, less Business Rates, grants etc, divided by tax base = an average council tax which includes parishes.)*
- (f) 188,744 Being the aggregate amount of the special items referred to in Section 34(1) of the Act. *(Total amount of parish precepts)*
- (g) 184.50 Being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. *(This Council's own Council Tax at Band D.)*

## APPENDIX C

- (h) - Being the amounts given by adding to the amount at 3(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the at 1(b) above, calculated by the Council in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special item relates. *(Council Tax at Band D for those parishes that have issued a precept added to this Council's council tax)*

229.82	Cottingham Parish Council
227.66	East Carlton Parish Council
204.32	Gretton Parish Council
206.06	Middleton Parish Council
214.79	Rockingham Parish Meeting
209.53	Stanion Parish Council
271.06	Weldon Parish Council

- (i) Part of the Council's area:

### Parish Valuation Bands

#### Valuation Bands

	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Corby Borough	123.00	143.50	164.00	184.50	225.50	266.50	307.50	369.00
Cottingham Parish Council	153.21	178.75	204.28	229.82	280.89	331.96	383.03	459.64
East Carlton Parish Council	151.77	177.07	202.36	227.66	278.25	328.84	379.43	455.32
Gretton Parish Council	136.21	158.92	181.62	204.32	249.72	295.13	340.53	408.64
Middleton Parish Council	137.37	160.27	183.16	206.06	251.85	297.64	343.43	412.12
Rockingham Parish Meeting	143.19	167.06	190.92	214.79	262.52	310.25	357.98	429.58
Stanion Parish Council	139.69	162.97	186.25	209.53	256.09	302.65	349.22	419.06
Weldon Parish Council	180.71	210.82	240.94	271.06	331.30	391.53	451.77	542.12

## APPENDIX C

Being the amounts given by multiplying the amounts at 3(g) and 3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands. *(This Council and each Parish Council Council's combined council tax for each Council Tax Band and which will appear on the council tax bill).*

4. That it be noted that for the year 2017-18 Northamptonshire County Council (NCC) and Northamptonshire Police and Crime Commissioner (NPCC) have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
NCC	777.73	907.35	1036.97	1166.59	1425.83	1685.07	1944.32	2333.18
NPCC	139.36	162.59	185.81	209.04	255.49	301.95	348.40	418.08

5. That, having calculated the aggregate in each of the amounts at 3(i) and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government and Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2017-17 for each of the categories of dwellings shown below: *(Total council tax in each band for each parish)*

### Total - Valuation Bands

#### Valuation Bands

	A £	B £	C £	D £	E £	F £	G £	H £
Corby Borough	1040.09	1213.43	1386.78	1560.13	1906.83	2253.52	2600.22	3120.26
Cottingham Parish Council	1070.30	1248.68	1427.07	1605.45	1962.22	2318.98	2675.75	3210.90
East Carlton Parish Council	1068.86	1247.00	1425.15	1603.29	1959.58	2315.86	2672.15	3206.58
Gretton Parish Council	1053.30	1228.85	1404.40	1579.95	1931.05	2282.15	2633.25	3159.90
Middleton Parish Council	1054.46	1230.20	1405.95	1581.69	1933.18	2284.66	2636.15	3163.38
Rockingham Parish Meeting	1060.28	1236.99	1413.71	1590.42	1943.85	2297.27	2650.70	3180.84
Stanion Parish Council	1056.77	1232.90	1409.03	1585.16	1937.42	2289.68	2641.93	3170.32
Weldon Parish Council	1097.79	1280.76	1463.72	1646.69	2012.62	2378.55	2744.48	3293.38