

## **WAVERLEY BOROUGH COUNCIL**

### **EXECUTIVE - 10/01/2017**

---

#### **Title:**

**BUDGET 2017/18 UPDATE**

**[Portfolio Holder: Cllr Ged Hall]**

**[Wards Affected: All]**

---

#### **Summary and purpose:**

This report outlines the latest position on the 2017/2018 Budget and requests the Joint Overview and Scrutiny Committee to consider the budget proposals ahead of the final budget setting decision in February.

---

#### **How this report relates to the Council's Corporate Priorities:**

The Council could not deliver the Corporate Priorities without a robust budget setting process in place.

#### **Financial Implications:**

All decisions made with regard to the budget will impact on Waverley's resources.

#### **Legal Implications:**

There are no direct legal implications as a result of the recommendations of this report. The Council is required to set a balanced General Fund and HRA budget.

---

#### **Introduction**

1. The report outlines the latest budget position for 2017/2018. It includes key financial and topical issues and an update on the Spending Review and Autumn Statement issued on 25 November 2016.

#### **General Fund Background**

2. The Annual Finance Seminar was held on 30 November 2016 for all members of the Council. The seminar set out the key aims of the Finance Strategy and gave highlights of the current position for the General Fund. It also presented the issues and risks for the next four years and a strategy for balancing the budget. Significant savings will be required over the next four years in view of ongoing Government Grant reductions.

#### **Revenue Support Grant Settlement**

3. The Government announced on 17 December last year that the Revenue Support Grant will be phased out over the next two years resulting in a £705,000 reduction in funding in the 2017/18 budget and this has been confirmed in the 2017/18 Finance Settlement announced on 15 December. The 2017/18 budget has been planned taking the significant reduction into account.

## **Business Rates**

4. By the end of this Parliament, nationally-set business rates will be abolished allowing local authorities to set their own rates, but the system of top-ups and tariffs will be retained. Consultation has taken place during this year considering options to transfer additional responsibilities. Full details are not yet available to assess the impact upon Waverley beyond 2019/20, although the finance settlement indicates that Waverley will not receive any additional funds in the next three years.

## **New Homes Bonus**

5. The Government consulted on reforms to the New Homes Bonus in Spring 2016 and announced its final proposals alongside the draft finance settlement on 15 December 2016. The Government has confirmed that the New Homes Bonus will continue in the foreseeable future although it will reduce the length of payments from 6 to 4 years and it will be top-sliced to pay for the Better Care Fund. Compared to expected New Homes Bonus income, Waverley will lose £0.7m in 2017/18 and £3.5m over the next 3 years. The Council does not currently rely on New Homes Bonus to support service provision, however, any reduction will impact directly on the Council's invest to save funding.

## **Council Tax Increase**

6. Last year Waverley increased its council tax for the first time in six years after the the Government allowed councils to increase council tax by £5 or up to 2% without triggering a referendum. The provisional finance settlement has confirmed that this option will be available again for 2017/18. The headline budget figures that will be submitted to the Joint Overview and Scrutiny Committee in January show the position before taking into account any council tax increase. Decisions regarding the council tax for 2017/18 will be taken by Council in February 2017.

## **General Fund - Latest Position**

7. In November, Members were advised that the Council would need to identify £3.13m of cost savings and/or additional income in order to balance its budget in the medium term planning 2017/18 to 2019/20. Of this, £1.35m is required to be found in the 2017/18 budget. This savings target was largely the result of the anticipated significant cut in government grant which has now been confirmed. Despite this significant challenge, Members are keen to protect front line services and maintain the overall amount of support provided to community organisations in the Borough.
8. A detailed review of all budgets has been completed to ensure expenditure incurred is necessary and income budgets are maximised in line with risk. The services have been challenged to identify initiatives to address the deficit over a three year period with realistic implementation timescales. The latest position is a budget shortfall of £425,000 still to be resolved. A range of proposals to address this shortfall will be presented to the Joint O and S Committee on 16 January 2017.

## **Housing Revenue Account budget**

9. The Council has a robust 30-year Business Plan in place for delivering the landlord service. Last December the Government introduced some proposals that put the financial position at risk. They are summarised as:

- Government changes will lose Waverley more than £300million
- Rent reductions 1% per year for four years from 2016/17
- Sale of high value voids
- Welfare reform

10. Over the course of this year, a detailed review of the business plan has been completed and proposals to address the deficit and the principles were agreed by the Council in December. Full detailed budgets will be presented to the Joint Overview and Scrutiny Committee in January, before approval by the Executive and Council in February.

## **Recommendation**

In light of the significant budget shortfall, the Executive is asked to:

1. continue to work with officers to identify options to balance the budget; and
2. ask the Joint Overview and Scrutiny Committee to consider the detailed budget proposals at their January meeting and to make any suggestions to the Executive to prioritise options to balance budgets.

---

## **Background Papers**

Waverley's Financial Strategy 2016/2017–2019/2020  
Waverley's Budget 2016/2017.

---

## **CONTACT OFFICER:**

**Name:** Peter Vickers

**Telephone:** 01483 523539

**E-mail:** peter.vickers@waverley.gov.uk