

SUBJECT:	BUDGET & COUNCIL TAX REPORT 2015/16
REPORT OF:	Leader of the Council
RESPONSIBLE OFFICER	Director of Resources
REPORT AUTHOR	Jim Burness, Jim.Burness@southbucks.gov.uk
WARD(s) AFFECTED	All

1. Purpose of Report

- 1.1. This report provides information affecting the Council's revenue budget for 2015/16 in order for the Cabinet to make recommendations to Council on 24th February regarding the Council's budget and council tax for 2015/16.

2. Recommendations

Revenue Budget 2015/16

1. Approve the Revenue budget for 2015/16 as summarised in the table in para 5.11 and recommend this to Council.
2. Agree the following use of earmarked reserves for 2015/16.
 - a) Local Development Plan, £98k
 - b) Transformation Reserve, £62k
 - c) Change in Government Funding Reserve, £76k
 - d) General Fund - District Elections, £70k
3. Agree to establish an earmarked reserve for the impact of major national infrastructure projects of £80,000.
4. Approve a budget requirement of £7,651k, which will result in a District council tax of £143.00 for a Band D property.
5. Confirm the level of fees and charges for 2015/16 already considered by Portfolio Holders as part of the information underpinning their budgets.
6. Note the advice of the Director of Resources (Appendix B).
7. Agree to update the Members allowances scheme for 2015/16 in line with the change of officers pay, prior to a review of the scheme during 2015.

Setting the Council Tax

8. Agree that this report be made available to all Members of the Council in advance of the Council Tax setting meeting on 24th February, and a final report is produced for the Council meeting incorporating the information from preceptors, and the final decisions of the Cabinet on the budget.

Medium Term Financial Strategy

9. To note the comments in the report on the Council's financial position in respect of the years following 2015/16.

Farnham Park Trust

10. Agree to recommend to Council the revenue and capital budgets for 2015/16 summarised in Appendix C

3. Executive Summary

3.1 It is the responsibility of the Cabinet to prepare a revenue budget for approval by the Council which will form the basis of setting the council tax. It also outlines the main issues affecting the Council's future financial position, as it is prudent to consider not just a single financial year in isolation.

4. Reason for Recommendations

4.1 The Cabinet is required to recommend to Council a budget as the basis of setting the District element of the council tax. The information within the report will be the basis for the whole Council taking the decisions on the council tax, and this is why the report will be made available to all members.

4.2 When considering its budget the Council needs to be mindful of the medium term financial position, and this is covered within the report.

5. Information

5.1 This report is divided into a number of sections, that as a whole cover the various elements that need to be considered when setting the Council's budget for the coming year and the council tax for the District. Based on consideration of the information in the report the Cabinet needs to make recommendations to the Council meeting in February where the council tax, including the element relating to preceptors, will be decided.

Contents of Report

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Section B	Investment Income and Grants
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Section D	Medium Term Financial Strategy Update
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Section A - Financial Context and Base Budget position

5.2 In November the Cabinet considered the budget position in the light of the funding position facing the Council in the coming years, and agreed a draft budget. The draft Portfolio budgets were then considered by the Policy Advisory Groups. The budgets included no

unavoidable expenditure, but would take into account savings expected to arise from the joint working with Chiltern DC, and other sources such as the new waste arrangements. The overall approach also aimed to follow the objectives of the medium term financial strategy in minimising use of general reserves and holding the District element of the council tax at its current level for this current Council.

5.3 On 18 December the Government announced the provisional Local Authorities financial settlement for 2015/16.

5.4 For South Bucks the following table shows the key figures for 2015/16.

	2013/14 £'000	2014/15 £'000	2015/16 £'000
Business Rate Baseline	11,477	11,701	11,925
Business Rate Tariff	-10,511	-10,716	-10,921
Baseline Need	966	985	1,004
Revenue Support Grant	1,452	1,161	871
Settlement Funding Assessment	2,418	2,146	1,875
Year on Year Change (£k)		-272	-271
Year on Year Change (%)		-11%	-13%

5.5 The table illustrates the continuing material reduction in funding to the Council that had been anticipated and is expected to continue until at least 2018/19 (see Section D).

5.6 The Business Rate Baseline represents the Government's estimate of the amount of business rates it anticipates the Council will collect. However income from Business Rates can be materially affected by appeals lodged by businesses with the Valuation Office. Successful appeals will reduce the business rates collectable. However losses for individual authorities are limited by a safety net mechanism to 7.5% of the net business rates assumed to be retained by the Council, for South Bucks this equates to £76k. Based on the information from the Valuation Office it is probable that the Council loss of income from appeals will result in it being subject to safety net protection, however that will mean that £76k will be drawn down from the Funding Change Reserve created to manage this issue.

Section B - Investment Income and Grants

5.7 The Council's Treasury Management Strategy for 2015/16 which is being recommended to Cabinet following consideration by the Resources PAG, sets out the approach aiming to deliver investment income for 2015/16 of £400k. This is £150k less than the budget for the current year, and reflects the reality of the continuing low level of interest rates during 2015/16, and the declining level of cash balances as a result of the significant capital expenditure on waste services in the last year. In the medium term it is not expected to see any increases in investment income, with the likelihood being of further reductions.

5.8 An important source of grant funding for the authority is the New Homes Grant that rewards authorities for each new home by providing a grant equivalent to the national average Band D council tax on the property for each of the six years following completion of the property. The cumulative funding the Council will receive in 2015/16 from this source is £1,330k, an increase on the current year of £248k.

5.9 If the Council freezes its element of the council tax for 2015/16 it will receive a grant of £48k, which is equivalent to a 1% increase in council tax. To achieve a council tax freeze the Council's Budget Requirement would need to be £7,651k.

Section C - Budget Requirement and Council Tax Issues

5.10 The draft budget has been considered by the PAGs and subsequently four adjustments have been made to those budgets. These were:

- Adjustment to charges for pest control treatments, reducing income by £3k.
- Adjustment to employers pension contributions that reduce expenditure by £49k.
- Adjustment to Bath Road depot income, £5k
- Change to Housing Benefit Admin grant, £7k

5.11 The build-up of the budget is summarised in the following table.

Revenue Budget 2015/16	£'000
Communities	437
Health & Housing	667
Environment	1,610
Sustainable Development	748
Resources	4,525
Total PAG Budgets	7,987
Capital Charges etc	290
Expenditure Base	8,277
Investment Income	-400
Use of Earmarked Reserves	
- LDD	-98
- District Elections May 2015	-70
- Transformation	-62
- Government Funding Change	-76
- Change to General Reserves	80
Budget Requirement	7,651

5.12 The draft budget proposes using reserves as follows:

- Local Development Document (LDD) reserve, £98k.
- Funding for the May District elections, £70k.
- Transformation Reserve for support of shared service work, £62k.
- Government Funding Change reserve, £76k.

5.13 The budget proposes to use £80k of the additional New Homes grant to add to reserves, in order to provide funding against potential costs that may arise as a result of major national infrastructure projects affecting the District.

- 5.14 The draft budget has been discussed at the Overview & Scrutiny Committee and any comments received will be made known to members at the meeting.
- 5.15 The latest budget monitoring information shows that the forecast level of General reserves at the end of the current financial year to be £1,725k. The proposed budget would reduce this figure by £70k related to funding the District elections. The other funds applied to support the budget are from separate earmarked reserves. Section E of the report contains the Director of Resources advice on the level of reserves.

Section D - Medium Term Financial Strategy

- 5.16 The Council's medium term financial strategy which underpins the specific decisions taken on the budget, sets out how the Council's corporate aims can be progressed within the likely level of resources available to the Council. The strategy which was reviewed by the Cabinet in November has the following key principles.
- The matching of expenditure and income in the medium term
 - Aligning new expenditure to Corporate Plan priorities and to improve value for money
 - Having in place sound financial processes to control and monitor expenditure
 - Awareness of the financial risks facing the Authority and using this to inform the Authority's level of financial reserves
- 5.17 The key challenge facing the Authority in the medium term is the reduction in resources.
- It seems clear that whatever the outcome of the General Election there will continue to be the same level of reduction in Government grant as has been experienced in recent years. This may well result in the Council not receiving any grant by 2019.
 - Investment income has declined significantly over the last three years, and that trend will not be reversed. The Council will need to move to a position where investment income is not a factor in funding its core expenditure.
 - The Council has benefited from the New Homes grant system. However the future level of funding is uncertain. This is for two reasons, firstly the funding is on a rolling six year basis with the first year's funding dropping out in 2017/18, and secondly it is not certain that a new Government would continue the current scheme.
- 5.18 The Council has been successful in the past in managing its cost base by having a clear focus on the key priorities, minimising resources being committed in non-priority areas, and effective budget management and developing a saving programme. Looking forward its major expenditure pressures are likely to come from:
- The costs of reaching and enforcing the Council's planning decisions.
 - Responding to major national infrastructure proposals. This would include major public inquiries, or issues that may arise from the outcome of the Aviation Review in 2015.

- The funding of the historic deficit on the Pension scheme, the next revaluation of which will be in 2016.
- 5.19 The Medium Term Financial Strategy projects forward to 2019 the Council's financial position, and Appendix A summarises the forward financial forecast reflecting the issues referred to, with the major financial challenge arising from 2017/18 onwards . It illustrates clearly the importance of continuing to deliver further savings over the period and this will include the joint working project with Chiltern DC, if the use of reserves to support expenditure is to be kept to a minimum and limited to one off items.
- 5.20 The forecast also indicated that it is not sustainable to assume that the level of the District council tax will be held at its current level. Whilst some growth in the taxbase can reasonably be assumed on the basis of planned developments in the area, increases in the basic tax level will need to be considered.
- 5.21 With the declining level of investment returns the use of some of these resources to fund income generating projects is a strategy to seriously consider.
- 5.22 In the coming year the main financial risks the Council is likely to face are:
- Shortfall on income targets, primarily investment income.
 - The cost of major planning inquiries, enforcement actions or responding to national infrastructure proposals that impact on the area.

Section E - Advice of Director of Resources

- 5.23 The detailed advice of the Director of Resources as the Authority's statutory financial officer is set out in Appendix B. In summary the key points of the advice are as follows.
- The estimates for 2015/16 have been prepared in a thorough and professional manner.
 - The key budget risks and sensitivities have been identified.
 - The main financial risks to the Council for the coming year have been assessed as follows.
 - Shortfall on income targets.
 - The cost of major planning inquiries, enforcement actions or responding to national infrastructure proposals that impact on the area.
- 5.24 The suggested prudent level of general reserves for 2015/16 is £770k. As there is no planned use of the General Reserve in 2015/16 the prudent level of reserves will be achieved, and also would keep reserves above the £1,250k aimed for within the Medium Term Financial Strategy.
- 5.25 In the medium term the Authority will continue to face the risks in delivering its corporate plan objectives in the context of the continuing limitation of external funding resources.

Risks

5.26 The overall financial strategy for the medium term will need to recognise the key strategic risks facing South Bucks, and the top two strategic risks currently identified are shown below.

Strategic Risk	Comment
Authority forced into short term reactive measures to a) reduced Govt funding, b) unavoidable cost increases. Reputational risk from decisions that have to be taken. Reduced financial capacity to manage transformation	The continued joint working with Chiltern DC will be part of the response to reduced funding but other opportunities to increase income and increase efficiency will need to be identified. Management capacity will need to be well focused on priorities.
No acceptance of change to ways of working and service delivery by officers and members prevents achievement of council aims. Progress inhibited by capacity issues and lack of finance, and programme losses momentum	The use of programme management, including work around change management with staff one of the keys to delivering change. This will need to be supported by making finance available for transition, pump priming, start-up costs through earmarking of reserves and securing external funding.

5.27 In addition to the strategic risks there are a number of key financial risks to be aware of in the medium term and these are set out in the following table.

Risk	Response
Uncertainty over impact of retention of business rates and the general level of future Government funding.	Business rates forecasting is difficult whilst there is the current level of outstanding appeals with the Valuation Office. Apply earmarked reserve to cover shortfall, some expectation of business rate growth from Pinewood and Bishop Centre developments. Assess impact of reducing Govt funding from 15/16 Finance Settlement information.
Growing mismatch between the local supply and demand of affordable housing increases pressure on temporary accommodation budgets.	Temporary accommodation budgets monitored. Funding made available via s106 agreements and other sources are effectively used. Planning policies seek to narrow the supply and demand gap.
Uncertainty over cost and nature of arrangements for the disposal of waste and recycling material collected could lead to higher costs than necessary, and or poorer service delivery.	Costs will need to be monitored and negotiations undertaken as appropriate with the disposal authority and with the Council's waste collection contractor.
The Pension Fund deficit requires the Authority to continue to increase contributions to the Fund.	Monitor performance of the Pension Fund via Pension Fund Consultative Group, and also deficit position annually as part of final accounts process. Assess implications of increasing contribution levels as part of financial planning.

6. Consultation

6.1 The draft budget has been considered by the Overview & Scrutiny Committee.

7. Options

7.1 The report sets out the position based on keeping the district element of the council tax unchanged at £143.00, and this would result in receiving a council tax freeze grant from Government of £48k. There is the option of increasing the Council tax by up to 1.99% without triggering a local council tax referendum. A 1.99% increase to £145.84, would generate an additional £96k of council tax income but the Council would not receive a Government grant of £48k, but there would be a net gain of £48k income in 2015/16, and £96k thereafter. It is not considered realistic to consider a local referendum due to the cost of organising a referendum, and the proximity of the local and national elections.

8. Corporate Implications

8.1 The strategic and financial risks facing the Authority are set out in the report. The Council is required to approve a budget for the Farnham Park Trust's activities. The Community PAG has already considered the detailed budget and fees and charges. Appendix C summarises the budgets for approval and referral to Council.

9. Links to Council Business Plan

9.1 The Council's code of corporate governance highlights the importance of having in place clearly documented processes for policy development, review and implementation, decision making, and monitoring and control. Following from this is the requirement for sound financial management, being able to demonstrate resources are aligned to the corporate priorities of the Council, and that any material risks are assessed. The prudent use of resources is one of the Authority's management principles and having a medium term financial strategy is a key element in demonstrating this principle. Establishing a sound and sustainable financial base is important for delivering the Council's objectives.

10. Next Steps

- The report and Cabinet's decisions will form the basis of the Council tax decision of the Council on 24th February.
- A report will be produced for the Council meeting bringing together the precepts that have been notified to the Council, from parishes and the major precepting bodies. This will then enable the Council to set the overall council tax for the area.

Background Papers:	None
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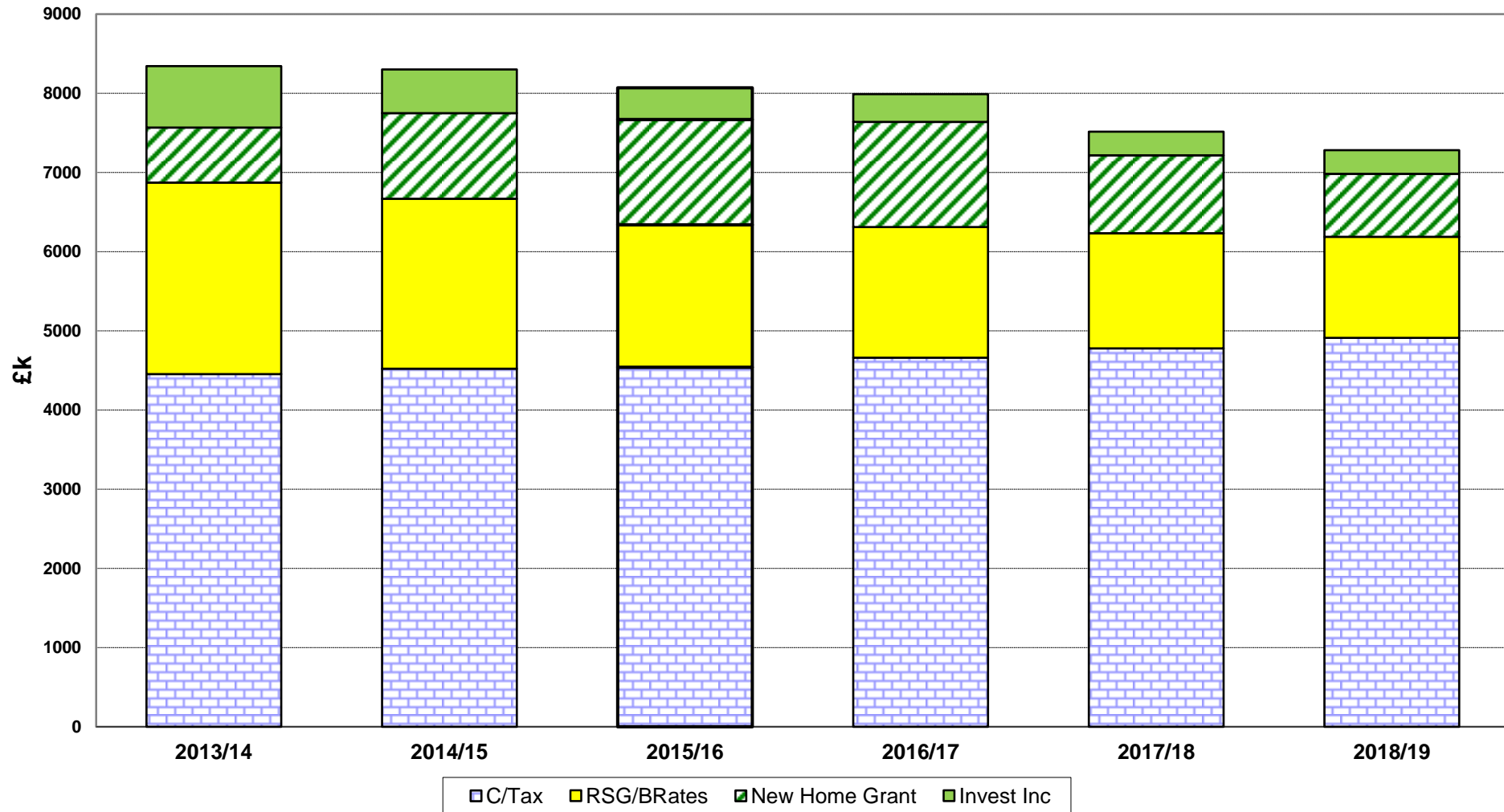
SOUTH BUCK FINANCIAL FORECAST

	2015/16	2016/17	2017/18	2018/19
	£k	£k	£k	£k
Base Net Service Budget	8,593	8,671	8,871	9,021
Cost Changes	78	200	150	150
Savings (net)	-394	-652	-702	-702
Forecast Base Expenditure	8,277	8,219	8,319	8,469
Funding				
Investment Income	400	350	300	300
Use of Earmarked Reserves	225	30	30	30
New Homes Grant	1,330	1,330	984	795
Government Grant / Net business Rate Income	1,799	1,650	1,452	1,277
Council Tax Freeze Grant	48	-	-	-
Council Tax Income	4,475	4,660	4,780	4,910
Forecast Funding	8,277	8,020	7,546	7,312
Forecast Funding Gap	-	199	773	1,157

Assumptions

- New Homes Grant phases out, and no further increases assumed.
- Continuing reduction in Government grant at same rate as recent years
- No material growth in business rates
- Continuing decline in investment income
- No use of general reserves to support council tax
- 2% per annum increase in council tax from 2016/17

FORECAST USE OF RESOURCES 2013 - 2019



APPENDIX B

CHIEF FINANCIAL OFFICER REPORT

- .1 I am making this report in compliance with the personal responsibilities placed upon me by s25 to s28 of the Local Government Act 2003. The legislation requires me to report to the Authority on two matters.
- The robustness of the estimates it makes when calculating its budget requirement.
 - The adequacy of the Authority's reserves, taking into account the experience of the previous financial year.
- Robustness of Estimates**
- .2 The process for preparing the budgets started in the autumn of 2014. From the outset the budget development was influenced by a number of key factors.
- The need to bring expenditure and likely resources into balance given the limitations on increases in council tax and the significant reductions in government grant and the likely continuing low level of investment income.
 - The need to resource the implications of the corporate plan to enable the Council to make progress on its corporate aims.
- .3 During 2014 the Authority has continued its working with Chiltern DC and is progressing a programme of service reviews to explore opportunities for joint working. The savings from the completed service reviews are reflected in the 2015/16 budgets. As in recent years the 2015/16 budget is integrated with the Authority's service planning process, and therefore plans reflect the resources available.
- .4 The budget process has rigorously limited new expenditure to only the unavoidable minimum.
- .5 The financial position of the Council clearly indicated the need to continue to make savings for future years, and work is in progress to identify further savings options for 2016/17 and future years. The continued focus on delivering savings is important, and part of this will be having in place mechanisms to monitor and report on agreed savings.
- .6 The detailed budget preparation was overseen by an experienced qualified accountant, supported by other finance staff familiar with the requirements of the budget preparation process. The basis of the estimates included the following elements which are in my view crucial to setting realistic budgets.
- Staffing budgets are prepared on a zero base approach, and are built up based on the actual staffing establishment and its current costs. The final budgets also include a vacancy factor of 2% consistent with that used in past years which has proved to be realistic.
 - The budgets reflect as far as can be determined costs of major contracts including known or likely cost increases.
 - The budgets are informed by the results of the 2014/15 budget monitoring and recognise those issues that are unavoidable and would carry through into 2015/16.

- The budget identified the on-going cost of Council decisions taken since March 2014.
- .7 The detailed budget have been scrutinised by:
- Officers
 - Portfolio Holders
 - PAGs
- .8 Any savings proposals have been reviewed in order to be satisfied of their robustness, and their impact on the Council's corporate aims, and on the residents/users of services. The budget does not contain any unspecified or unrealistic savings proposals or contingencies.
- .9 The key issue of investment income has been assessed in the context of the treasury management strategy for the Authority, and this sets out how the proposed income for 2015/16 will be achieved. Investment income expectations have been lowered to reflect a realistic view on the level of interest rates over the next few years, and this is reflected within the treasury management strategy which is separately considered by members.
- .10 Finally the budgets have been assessed as part of the Authority's approach to risk management and the major financial risks identified. These will be referred to in the following section dealing with the adequacy of reserves.
- .11 Taking all these factors into account I am satisfied that the estimates have been prepared on a robust basis.

Adequacy of Reserves

- .12 The Council has a policy on its reserves, and this policy accords with the guidance issued by the Chartered Institute of Finance and Accountancy (CIPFA) on local authority reserves and balances. The Policy, which has been reviewed as part of this budget cycle, sets out the factors to be taken into account in determining for the year in question, and what a reasonable minimum level of general revenue reserves should be. In essence the Policy states that the minimum level should be based on 7½% of the net cost of services, plus any material financial risks identified for the coming financial year.
- .13 The Code of practice on local authority accounting requires the purpose, usage and basis of transactions of earmarked reserves to be identified clearly. The Council only has five earmarked reserves where it has full control over their deployment. As at 31st March 2015 these are estimated to stand at:
- Local Development Document (LDD) Reserve, £238k
 - Insurance Fund, £34k
 - Disaster & Emergency Relief Fund, £27k
 - Transformation Reserve £286K
 - Changes to Govt Funding Reserve £326k
- .14 The LDD reserve will be applied to help offset the costs of the Local Development framework process that is a statutory obligation on the Authority, and is running over a number of financial years. The current estimate is that £98k will be applied in 2015/16 but this should be kept under review during the course of the financial year.
- .15 The self insurance reserve is reviewed annually at the end of each financial year in order to assess whether the current level of the fund is considered adequate. Similarly the Disaster

& Emergency Relief Fund, which is primarily applied to deal with flooding incidents is reviewed annually.

.16 The Transformation Reserve is to provide funding towards the initial one off costs associated with joint working projects, or other projects that will improve efficiency by transforming services. The Government Funding Reserve is a provision to cope with any material changes in business rate collection or government grant in the short term.

.17 In considering the level of general reserves in addition to the cash flow requirements the following factors are considered:

Budget assumptions	Financial standing and management	Comment on SBDC position
The treatment of inflation and interest rates	The overall financial standing of the Authority (level of borrowing, debt outstanding, council tax collection rates)	The budgets are based on known price increases as far as is possible. External advice has been taken on interest rate forecasts and these have been used with prudent assessments of the level of cash available for investment. This is all set out in the Treasury Management Strategy considered by the RPAG in Jan 2015.
Estimates of the level and timing of capital receipts	The Authority's track record in budget and financial management	The forecast of future capital receipts reviewed over the course of the budget process to ensure it is realistic. At present no major receipts are anticipated in the coming years.
The treatment of demand led pressures	The Authority's capacity to manage in-year budget pressures	The Authority has in place regular budget monitoring procedures to identify any in year pressures, and to consider what actions can be taken. Reports are produced monthly for Management Team and Cabinet members, alongside the complimentary performance and activity information. The budget process has also picked up any demand led pressures that need to be built into the 2015/16 budget. There are quarterly budget review meetings with members to review the current year's position and future years' issues.
The treatment of savings/efficiency gains	The strength of financial information and reporting arrangements	The financial reporting systems of the Authority are good, and have proved effective in monitoring. The effort put into financial monitoring needs to be maintained and the Authority needs to ensure adequate resources are directed to this

Budget assumptions	Financial standing and management	Comment on SBDC position
		activity. Progress on savings and efficiency gains are reported regularly to senior officers and members. The key strategic risk for the Authority is the limitation on resources will limit speed and scale of progress on Corporate Plan, and could impact on statutory performance and compliance issues.
The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments	The Authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level	The Council undertakes a risk assessment of the budget risks it faces. The major risks for 2015/16 are highlighted below.
The availability of other funds to deal with major contingencies	The adequacy of the Authority's insurance arrangements to cover major unforeseen risks.	The Authority has sufficient reserves to cover insurance liabilities. It has also the resources in general or earmarked reserves to make reasonable contingencies against matters such as LDD, major enforcement actions etc.

- .18 From the preceding table it can be seen that the Authority takes action to reduce budget risk and therefore influence the level of reserves it needs to hold. There will always be areas of risk or uncertainty and which need to be assessed as part of the budget process.
- .19 The main financial risks to the Council for the coming year have been assessed as follows.
- Shortfall on income targets, including investment income.
 - The cost of major planning inquiries, enforcement actions or responding to national infrastructure proposals that impact on the area.
- .20 The budget sensitivity of a number of key budget areas has been assessed as part of the risk assessment process on the budget. The detail of the analysis is attached. Based on the budget experience of the current year it would be prudent to allow for the possibility of some income shortfalls, and for costs planning enforcement or inquiries.
- .21 In the longer term there will be the risks of:
- Managing the gap between cost increases the Council will face year on year, and the continued significant reductions in government funding, including New Homes grant, and the limitation of council tax increases. Key to managing this risk will be developing further savings programmes for the years from 2016/17 onwards.
 - Investment income has declined significantly over the last three years, and that trend will not be reversed. The Council will need to move to a position where investment income is not a factor in funding its core expenditure.

- The costs of reaching and enforcing the Council's planning decisions, or responding to national infrastructure proposals. This would include major public inquiries.
 - The development of the Authority's waste collection and recycling services in the context of Bucks CC's disposal arrangements, and alternative arrangements that may be available to the Council.
- .21 As a small authority the Council is always faced with the risk to achieving its objectives from capacity and reliance on a number of key staff. Therefore staffing issues will need to be kept carefully under review going forward, and establishing joint teams with Chiltern DC will help improve resilience.
- .22 Taking all these factors into account it would be advisable to plan for a level of general reserves of at least around £770k for the forthcoming financial year, exclusive of any specific contingencies for local development document production, transformation or insurance. This figure is made up as follows.

	£k
7½% Net Cost of Services	620
Potential shortfall on income targets	100
Planning inquiries or infrastructure consultations	50
	<hr/> 770

Legal Considerations

- .23 The setting of the budget and the council tax by Members involves their consideration of choices and alternatives and Members have considered these in various earlier reports. No genuine and reasonable options should be dismissed out of hand and Members must bear in mind their fiduciary duty to the council taxpayers of South Bucks District Council. Should Members wish to make additions or reductions to the budget, on which no information is given in the report before Members, they should present sufficient information on the justification for and consequences of their proposals to enable the Cabinet (or the Council) to arrive at a reasonable decision on them.
- .24 The report sets out relevant considerations for Members to consider during their deliberations, including the statement above from the Chief Financial Officer. Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not come to a decision that no reasonable authority could come to, balancing the nature; quality and level of services that they consider should be provided, against the costs of providing such services.
- .25 Members are reminded of s106 of the Local Government and Finance Act 1992, which prohibits any Member who has not paid for at least two months his/her Council Tax when it becomes due, from voting on setting the budget and making of the Council Tax and related calculations.

Jim Burness
Director of Resources
February 2015

Budget Sensitivity Analysis 2015/16

This paper looks at a number of the key budget risk areas and analyses the sensitivity of these to changes in circumstances.

Change in Demand	Worsen Budget Position		2015/16 Budget	Improve Budget Position	
	10% Decrease £	5% Decrease £		5% Increase £	10% Increase £
Land Charge Income	-15,000	-7,500	-150,000	7,500	15,000
Car Park Income	-100,382	-50,191	-1,003,820	50,191	100,382
Planning Income	-54,250	-27,125	-542,500	27,125	54,250
Academy Golf Income	-16,085	-8,043	-160,850	8,043	16,085
Building Control Income	-36,418	-18,209	-364,180	18,209	36,418
<i>Difference</i>	<i>-222,135</i>	<i>-111,068</i>	<i>-2,221,350</i>	<i>111,068</i>	<i>222,135</i>
Change in Interest Earnings	20% Decrease	10% Decrease	-	5% Increase	10% Increase
Fixed/Bond & Minor Interest	-80,000	-40,000	-400,000	20,000	40,000
<i>Difference</i>	<i>-80,000</i>	<i>-40,000</i>	<i>-400,000</i>	<i>20,000</i>	<i>40,000</i>
Other Significant Financial Risks	Worst Case £	Slightly Worse £	2015/16 Budget £	Slightly Better £	Best Case £
Planning appeals - legal costs	100,000	30,000	10,000	5,000	0
Planning enforce - legal costs	60,000	20,000	10,000	5,000	0
	160,000	50,000	20,000	10,000	0
<i>Difference</i>	<i>-140,000</i>	<i>-30,000</i>	<i>0</i>	<i>10,000</i>	<i>20,000</i>
Grand Total	442,135	181,068	0	141,068	282,135

APPENDIX C

Farnham Park Trust Budgets

1. Objective

- 1.1. As the Farnham Park assets form a charitable trust it is necessary for Members to approve separate budget for these operations.

2. Revenue Budgets

- 2.1. The following table summarise the 2015/16 revenue budgets for the Farnham Park Trust.

	2015/16 Budget £
Farnham Park Sports Field	1,500
The South Buckinghamshire Golf Course	-285,470
Catering	-25,000
Golf Management Service *	149,560
Grounds Maintenance *	254,880
Depreciation on Endowment Assets	9,500
	104,970

* Net of recharge to Academy

3. Capital Budgets

- 3.1. The following table shows the five year capital programme for the Farnham Park Trust.

Scheme	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Grounds Maintenance Machinery	35	35	35	35

4. Recommendation

- 4.1. Cabinet are requested to recommend to Council (acting as corporate trustee) the following items for the Farnham Park Trust
- the 2015/16 revenue budget, and associated fees and charges
 - the 2015/16 capital programme.