

DUNBARTONSHIRE AND ARGYLL AND BUTE VALUATION JOINT BOARD

Report by Treasurer

Valuation Joint Board – 21 November 2014

Subject: Revenue Estimates 2015/2016

1. Purpose of Report

- 1.1 The purpose of this report is to seek approval of the draft revenue estimates for 2015/16 and the level of constituent contribution.

2. Background

- 2.1 Local Authorities have to set their budgets and declare council tax levels by a statutory deadline of 11 March each year. The three constituent councils are likely to set their 2015/16 budgets and tax levels earlier than this. This means that the Valuation Joint Board needs to agree its budget before that date.

3. Main Issues

- 3.1 The following appendices are attached:

Appendix 1 Probable Outturn 2014/15;
Draft Revenue Estimates 2015/2016;
Indicative Estimates for 2016/17 and 2017/18.

Appendix 2 Summary of Main Variances from Previous Year.

Appendix 3 Details of Constituent Authority Contributions.

- 3.2 In recognition of the financial situation facing councils, every effort has been made to identify efficiencies which allows for a standstill contribution to be recommended for 2015/16. As a result, the following efficiencies have been applied:

- Staff turnover has been assumed at 3%;
- The provision for price inflation has only been added to protected lines and known increases; and
- Pay award of 1.5% has been assumed in 2015/16 onwards.

- 3.3 When the budget was agreed for 2014/15, the reserves were expected to reduce by £48,745 to balance the net budget position. Current projections indicate that there is a likely to be favourable in year position of £112,831, resulting in the reserve not decreasing but increasing by £64,086 by the year end. This would result in a year end reserve balance of £534,680. This equates to an available reserve of £434,680 (including potential earmarking from unspent grant) and prudential reserve of £100,000.
- 3.3.1 The original 2014/15 budget included anticipated costs for the PSN requirements and for fixed telephone communications to Campbeltown. As the proposed solution is no longer an option, this has been removed from the 2014/15 probable outturn (contributing to the in year favourable variance) and is now included within the 2015/16 estimates.
- 3.4 For the current projections for 2014/15 and 2015/16 within Appendix 1, assumptions have been made regarding costs and income associated with Individual Electoral Registration (IER). IER is a new process and at this stage difficult to predict the public's perception and/or reaction to it. Costs and Income at this stage are difficult to quantify and as such have been estimated and will be monitored throughout each year and appropriate action will be taken as necessary.
- 3.4.1 At this time we have included all anticipated expenditure in 2014/15 for the additional administration required in connection with the grants income, however there is a risk that the grant will not be fully utilised within the current year and will be carried forward and earmarked for future use.
- 3.4.2 The 2015/16 draft estimate shows a proposal to allow a standstill contribution from constituent authorities through the use of balances of £83,333. The use of £83,333 reserves results in projected available resources for future use of £451,347 (including the prudential reserve).
- 3.5 The Cabinet Office has not confirmed the level of grant the Board will receive in 2015/16. At this time we anticipate the grant will cover additional work associated with IER. However in the event of overspends being occurred, the Board will fund these through the use of their reserves. Any update required to the budget will be reported to Members of the Board in June 2015 through the budgetary control process, per normal practice.
- 3.6 At this time Indicative estimates for 2016/17 and 2017/18 identify budget gaps of £283,717 in 2016/17 and £378,574 (cumulative) in 2017/18. The budget gaps identified will require to be funded through use of reserves and/or service efficiencies.
- 3.7 It is proposed that the expected year end surplus of £534,680 is carried forward to be used as required to help meet the budget gap over future years. The surplus will be monitored and its use will be reviewed if any material changes occur.

4. Comparison of 2014/15 original budget to 2014/15 projected outturn

4.1 There is an overall projected favourable variance of £112,831 with the main variances described in the budgetary control report which is reported elsewhere on the agenda and summarised below:

Supplies and Services	£24,272 Fav
Admin Costs	£34,846 Fav
Income	£43,358 Fav

5. Comparison of 2015/16 with 2014/2015

5.1 Gross Expenditure between 2014/15 and 2015/16 is further explained in Appendix 2 of this report.

6. Contributions from Authorities

6.1 As in previous years, it is recommended that the budget for 2015/16 be apportioned to the councils on the basis of their Grant Aided Expenditure (GAE) figures per Appendix 3. The proposed apportionment is:

Argyll and Bute	48.10%	£1,281,605
West Dunbartonshire	26.95%	£ 718,072
East Dunbartonshire	24.95%	<u>£ 664,783</u>
		<u>£2,664,460</u>

7. Recommendations

7.1 The Joint Board is requested to:

- (a) Agree the draft revenue budget for 2015/2016 per Appendix 1;
- (b) Agree to the surplus as at 31 March 2015 being carried forward into 2015/16 and to be used over the next few years to help meet the budget gap;
- (c) Note the indicative budgets for 2016/17 and 2017/18; and
- (d) Agree that the requisition is based on each council's GAE figures with the apportionment being as identified at 6.1 above.

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Stephen West
Treasurer
Date: 4 November 2014

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Appendix 1

Probable Outturn 2014/15,
Draft Revenue Estimates 2015/2016, Indicative Estimates
for 2016/17 and 2017/18;

Appendix 2
Appendix 3

Summary of Main Variances from Previous Year;
Details of Constituent Authority Contributions.