

GENERAL FUND BUDGET AND CAPITAL PROGRAMME

The Executive considered the 2015/2016 budget and capital programme. Whilst it was evident that the Council had benefitted from both housing and business growth it also received the lowest level of core Government funding in Leicestershire. The budget had been achieved against this background. A public consultation on the budget had been carried out and the results were presented to the Executive. Scrutiny consultation had been carried out at the end of January

The draft budget is prepared against continued reduction in central Government funding as the Government addresses the public sector deficit. The reduction in central Government funding was broadly as forecast in the 2014/15 Two Year RSG Announcement. However, the Autumn Statement and the Office of Budget Responsibility forecasts make it clear that there will be significant reductions in public sector finances over the next parliament. There is also volatility arising from the end of the current five year parliamentary cycle in 2015 with a further Comprehensive Spending review expected later in 2015. There is consensus among all political parties and political commentators that nationally the Country is only 40-50% towards addressing the structural UK deficit and that the incidence of national reductions will continue to fall upon Local Government over the next parliament.

The Council is and will be increasingly reliant on funding sources arising from growth (New Homes Bonus and Business Rates) alongside opportunities for income generation. The Council has been to date very successful in delivering proportionate Housing and Business Growth with the retained business rate growth being the highest in Leicestershire in 2013/14 (£903K retained by Harborough) and an additional New Homes Bonus receipt in 2015/16 of £543K through the addition of 409 New Homes, bringing 4 Empty Homes back into use, and 64 Affordable Housing units. The receipt of these funding sources have and continue to mitigate against the reduction in Central Government funding and will in the future remain a critical component of the Council's budget and financial strategy going forward.

The Council estimated budget requirement in 2015/2016 was £11.924 million. This was based on estimated expenditure of £33.010 million and income including Government grants of £21.086 million

With regard to the capital programme, for the next four years it refocused the Council's capital investment from the major refurbishment projects of The Symington Building and the Market Hall to the Council's priorities of business growth, vibrant communities and housing. To facilitate this the Council planned to use its land holding and prudential borrowing powers to bring forward plans for low cost and affordable housing on three retained Garage Sites in Market Harborough, Great Glen and Lubenham.

The Council also intended to develop 'shovel ready schemes' to secure funding from the LLEP in relation to 2 of the key priorities within the District Growth Plan, these being:

(a) Business Move on Space: The Harborough Innovation Centre was currently at 95% occupancy. It was essential that businesses can grow and 'graduate' from the Innovation Centre. It was proposed that the Council develop a scheme (possibly with a private sector partner) to provide new and flexible business grow on space.

(b) Market Town Centres: Investment in respect of town centre infrastructure, transport and public realm space to maintain and develop vibrant retail and tourism offer.

The shovel ready schemes will be designed to maximise LLEP or private sector investment. The Capital Programme provides for £200K from the Council funds to bring these schemes to bid and/or development stage. If these schemes were not eventually to progress the costs of feasibility and design work would have to be charged to Revenue. A target of £4 million external funding is included in the programme. Any further call on Council resources to deliver this ambition would be subject to a separate business case.

The Capital Programme also proposed an increase in the support for Disabled Facilities Grant from £256K to £300K per year. This additional approval is anticipated to enable approximately 10 additional grants to be awarded each year.

The Capital Programme also provided for planned maintenance of the Council's assets. Investment proposed in the next four years includes improvement in access within The Symington Building, roof replacement, improvements in the Market Hall heating and air conditioning.

The indicative Capital Programme for the next four years totalled £10.028 million with the funding assumption that £7.918 million of external funding and/or capital receipts will reduce the need for unsupported borrowing over this period.

With regard to Business rates , in the recent Autumn Statement the Government has announced a review of business rates to report back in time for the 2016/17 financial year. This therefore places increased uncertainty in respect of the retention of business rate growth funding stream. The Council continues to adopt a prudent approach to the utilisation of this funding source, utilising already banked business rate growth only as part of its budget strategy.

The Council plans to utilise £206K of the banked business rate growth from 2013/14 to target in 2015/16 the development of small and medium enterprises and the skills agenda through the provision of business support initiatives and support for apprenticeships. The Council will also promote apprenticeships itself through this funding. This is for one year initially to establish need and demand with a view to committing to the recycling of the benefits of business growth in the medium term through this reserve to generate further business rate growth.

With regard to fees and charges the Executive proposed no increase in fees and charges other than those statutorily required.

The Council's Section 151 officer had provided an assurance statement which concluded, 'In my opinion, the estimates are sufficiently robust to allow the Council to set the revenue budget, capital programme and council tax for 2015/16. The budget strategy and level of reserves provides a sound basis for balancing the budget in future years.'

The Leader thanked the portfolio holder, Section 151 officer and staff for their input

RESOLVED that

- i) the 2015/16 General Fund Revenue Account Net Expenditure Budget of £11,924,194 be approved as set out in Appendix A to the report, for recommendation to Council on the 23rd February 2015, resulting in no increase in the District Band D Council Tax for 2015/16
- ii) authority be delegated to the S151 Officer in consultation with the Leader and Portfolio Holder for Finance, Assets and Development to make any necessary amendments to the Budget, following receipt of the final local government settlement, prior to consideration by full Council
- iii) the General Fund Budget be recommended to Council as set out in Appendix A to the report
- iv) the Capital Programme be recommended to Council as set out in Appendix D to the report
- v) the tolerance level for the Capital Programme be recommended to Council as set out in paragraph 4.7.8 of the report
- vi) the fees and charges be recommended to Council as set out in Appendix F to the report
- vii) it be recommended to Council that authority be delegated to the S151 Officer in consultation with the Portfolio Holder for Finance Assets and Development to agree new fees and charges during the year and agree changes to fees and charges where required

Summary of Reasons

The Council must statutorily set a balanced budget to discharge its duties and responsibilities by the 11th March. The duty to recommend a budget to the Council rests with the Executive.

