

WELWYN HATFIELD BOROUGH COUNCIL  
SPECIAL CABINET – 24 JANUARY 2017  
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES, ENVIRONMENT AND  
CULTURAL SERVICES)

**BUDGET 2017/18 – ADDENDUM REPORT**

**1 Executive Summary**

- 1.1 The 2017/18 budget papers were discussed at the Cabinet meeting on 10<sup>th</sup> January 2017. This report provides relevant updates so Members have all the relevant information available when making a recommendation to Full Council on the budget estimates.
- 1.2 Members should note that the budget papers approved at the 10<sup>th</sup> January Cabinet were presented to the Resources and Overview Scrutiny Committee (ROSC) on 19<sup>th</sup> January 2017; there is a separate agenda item which deals with feedback and recommendations from that committee.

**2 Recommendation(s)**

- 2.1 That Cabinet note the content of this paper and approve the changes detailed in section 3 of this report and recommend their inclusion in the budget papers to full Council on 6<sup>th</sup> February 2017.
- 2.2 Cabinet consider the comments made by Resources and Overview Scrutiny Committee on 19<sup>th</sup> January 2017.

**3 Explanation**

**Business Rates**

- 3.1 The general fund budget estimates for 2017/18 had reflected the intention to be part of the Hertfordshire business rates pool again next year. Unfortunately the Chief Finance Officers of the authorities in the pool have had to take the decision to dissolve the pool. This is the result of risks arising from uncertainties following the 2017 revaluation. The risk of the pool making an overall loss in 2017/18 was felt to be too great. The pool will continue for 2016/17 and there will be the option to consider a pool again in 2018/19.
- 3.2 Following the provision from Government of the multiplier and the transitional arrangements for businesses on implementation of the 2017 revaluation the Council has also now compiled the formal estimation of business rates collection for 2017/18. This has to be submitted to central government by the 31<sup>st</sup> January and is commonly referred to as the NNDR 1 form.
- 3.3 As a result of these updates an updated version of table 3 in the general fund budget report is provided below and shows the total amount of retained business rates is £121k less than the estimates provided in the 10<sup>th</sup> January report and is

now £3.260million. However, with an increase in the estimate for Section 31 grant to be provided as compensation for reliefs to £501k there is overall a minimal net impact on the budget estimates for 2017/18 with a slight improvement in overall estimates for 2018/19 and 2019/20:

		Original Budget 2016/17 £000	Estimate 2017/18 (10 Jan Cabinet)	Revised Estimate 2017/18
			£000	£000
A	Business Rates Collectable (after assumption for appeals)	60,042	58,810	58,569
B	Government share @ 50%	-30,021	-29,405	-29,284
C	HCC share @ 10%	-6,004	-5,882	-5,857
D	Tariff payable to Government	-19,911	-19,157	-19,157
E1	Welwyn Hatfield share before Levy (A+B+C+D)	4,106	4,366	4,271
E2	Adj. for Small Business Rate Relief and Shops and Empty Property reliefs'	474	319	466
<b>E3</b>	<b>Welwyn Hatfield adjusted share</b>	<b>4,580</b>	<b>4,686</b>	<b>4,737</b>
F	Baseline funding level	2,664	2,716	2,716
G	Welwyn Hatfield adj. share less baseline funding level (E3-F)	1,916	1,970	2,021
H	Levy payable to Government @ 50% (G * 0.5)	-958	-985	-1,011
<b>J</b>	<b>Retained business rate income (E1+H)</b>	<b>3,148</b>	<b>3,381</b>	<b>3,260</b>

- 3.4 The estimated surplus/deficit on the collection fund for 2016/17 for both council tax and business rates has been updated for December data (including the latest outstanding appeals information from the VOA). The Council's share of the overall deficit is now expected to be £198k. This is £122k lower than the estimate provided in the 10<sup>th</sup> January report and will mean it will be necessary to transfer less from the Resources earmarked reserve to cover this deficit.

### Triennial Pension Valuation

- 3.5 A separate report provides the outcome of the revised pension fund valuation which anticipates the transfer of the Community Housing Trust fund. The recommended additional lump sum contribution of £1.286million would be split between the general fund and the housing revenue account and is, therefore, £1.4million lower than that anticipated in the opening balance of the general fund for 2017/18 in the 10<sup>th</sup> January report. The revised contributions for 2017/18, 2018/19 and 2019/20 are recommended to be 18.3% of payroll plus an annual lump sum of £1.1million. Overall the net impact of the changed assumptions on both the housing revenue account and general fund are minor and within tolerances of our overall estimates.

### Minor corrections to the General Fund Budget Report

- 3.6 Recommendation 2.5 should reflect the return of the NNDR 1 data form to DCLG by 31 January 2017, rather than 2016 as stated.
- 3.7 The New Homes Bonus grant in 2017/18 will be £2.042million, rather than the £2.2million quoted in paragraph 3.21 of the original early January Cabinet report.

## **Overall impact on Budget Estimates**

- 3.8 A revised appendix A to the general fund budget report is attached and reflects the changes discussed above, and in particular the funding updates with regard to business rates. There has been no change to the net operating expenditure or council tax requirement for 2017/18.
- 3.9 The slightly revised medium term financial summary is shown in appendix C.
- 3.10 Taking into account the changes highlighted above, the opening balance of the General Fund Reserve as at 1 April 2017 is now estimated to be £6.9m, and the opening HRA balance for 2017/18 is estimated to be £9.9m.

## **4 Financial Implication(s)**

- 4.1 The financial implications are set out within the reports submitted to cabinet on the 10<sup>th</sup> January 2017.

## **5 Link to Corporate Priorities**

- 5.1 I confirm that the subject of this report is linked to the Council's Corporate Priority "Engage with our communities and provide value for money". It should be noted that individual growth and savings items are also linked to the Corporate priorities.

## **6 Legal Implication(s)**

- 6.1 The Council is required by the Local Government Finance Act 1992 to make estimates of gross revenue expenditure and anticipated income, leading to a calculation of a council tax requirement and the setting of an overall budget and Council Tax. The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account.

## **7 Climate Change Implication(s)**

- 7.1 None

## **8 Risk Management Implications**

- 8.1 There are considerable risks to the council's short and medium term budget strategy including the impact of public sector austerity, inflation and other changes in the national economy, spending exceeding budgets, pressures on existing budgets, further reductions in grant and legislative change demands for new spend. The budget process includes the recognition of these risks in determining the 2017/18 budget and relevant risk provisions are set out in the body of the report.

## **9 Equality and Diversity**

9.1 In developing individual budget proposals officers have undertaken an equality impact assessment, where applicable.

Name of author	Tim Neill 01707 357425
Title	Head of Resources
Date	16/01/2017

Appendices (References as per 10<sup>th</sup> January 2017 Budget Report)

Appendix A – Budget Summary By Director 2017/18

Appendix C – Medium Term Financial Strategy 2017/18 to 2019/20

Background papers

Budget papers submitted to 10<sup>th</sup> January 2017 Cabinet