

Portfolio:	Non
Date signed off:	Executive Function
Ward(s) Affected:	All

Purpose

To approve the Council's Budget and Council Tax for the Financial Year 2017/18.

INTRODUCTION

1. The purpose of this paper is to enable the Council to set its Budget and Council Tax for 2017/18. Under statute these functions cannot be delegated to the Executive.
2. The Government announced a 3 year settlement for Local Authorities last year. The intention of this was to provide "certainty" for Councils in terms of future funding. The "certainty" provided for Surrey Heath was that grant funding would reduce to zero in 2017/18 and would actually become £1m negative in 2019/20. Councils had the choice as to whether to sign up to the settlement to "guarantee" the funding offered. About 96% of Councils did sign up, including Surrey Heath, not so much from the view that the settlement was fair but rather that without the "guarantee" it could be made a whole lot worse. Surrey Heath, along with a number of other councils, did make it clear in its submission to Government that it disagreed fundamentally with the whole idea of "negative" grant and that this should be reviewed as part of the changes to Business Rates due to come in in 2019/20. Although these concerns were relayed to Ministers no response was received.
3. Councils are obliged by law to set a balanced budget and this must be certified by the Section 151 officer. If this certification is not given then the budget cannot be set nor council tax levied which would impact on services. In an environment where Government funding is reduced each year, even below zero, the challenge of delivering a balanced budget becomes more difficult.
4. Hence to avoid this Surrey Heath has recognised that it is vital it takes control of its own financial destiny – even if this involves some risk. Reducing expenditure through efficiencies and joint working, such as the Joint Waste contract, makes an important contribution but is not enough by itself to deal with the challenges faced. That is why, in line with Key Priority 2, the Council has worked to increase income. This has been done not only by investing money in property for a return but also by supporting economic growth and in particular the delivery of housing. In so doing the Council has been able to continue to provide the broad range of services it does and also balance the budget. This strategy will need to continue if the Council is to meet the challenges it faces in 2019/20 and beyond.
5. The budget for 2017/18 shows an overall decrease of £736k as compared with the previous year. This is mainly as a result of £1.5m of additional income due to the purchase of investment property in 2016/17. This gain has been offset by some additional staffing and pension costs however for the first time for a number of years the Council has managed to set a balanced budget without any general savings target nor the use of New Homes Bonus to support the revenue spending.

6. The total budget is attached as Annex A within this paper. The detailed Revenue Estimates, which show each budget page and portfolio, from which this summary budget is built up are available on Escene and in the Member's Room.
7. In December 2016 the Government announced that the referendum trigger for Council Tax for Districts will be set at 2% or £5 whichever is the higher for 2017/18. It has been assumed in this paper that a £5 increase will be applied although members can set any increase they wish. Increases over £5 will be subject to a referendum at the Council's expense. The Section 151 officer urges members to increase Council Tax by the maximum permitted due to the financial challenges the Council faces in 2019/20 and beyond.
8. Last year, upper tier authorities, such as Surrey County Council, were permitted to increase their Council Tax by an additional 2% to raise money for Adult Social Care. This has been extended into this year and the maximum permitted increase is 6% over 3 years with up to 3% being charged in a single year. The County has decided to levy this extra precept to offset the increasing costs of this service. It is worth noting that even though Surrey Districts provide a number of adult social care services, unlike almost every other District in the country, they are not allowed to levy an additional precept to support these services.
9. Both Surrey County Council and Surrey Police and Crime Commissioner have set precepts under 2% thereby avoiding a referendum.
10. The purchase of investment property in 2016/17 has had a major impact on the financial forecast. The budget gap in 2021/22 has fallen from £1.6m to £184k as a result of this income. This does however assume that all the New Homes Bonus, at reduced rates, will be used to support the budget from 2019/20 onwards. For the first time for a number of years it is reasonable to assume that growth in existing property holdings together with the purchase of new property in the forecast period will close this gap thereby protecting services providing that rents are sustained. This is of course on the premise that there are no further cuts in funding other than those already announced.

GENERAL FUND REVENUE ESTIMATES

11. The Executive considered the budget as outlined in this paper on the 7th February 2017 and whilst recommending the budget decided to reserve its position on Council Tax for this meeting.
12. The complete budget is attached as Annex A to this paper. To aid understanding this has been broken down into sections and is examined in more detail in the next part of this report.

Net Cost of Services

13. The table below shows the breakdown of the net cost of services.

NET COST OF SERVICES 2017/18			
	2016/17	2017/18	Variance
	Revised		Revised
	Budget	Budget	Budget
	£	£	£
Business	1,864,350	1,644,978	-219,372
Community	4,774,406	5,106,533	332,127
Corporate	1,457,240	1,501,660	44,420
Finance	1,906,020	1,807,400	-98,620
Legal and Property	-84,400	-619,390	-534,990
Town centre and Regeneration	387,666	-1,884,860	-2,272,526
Regulatory	3,040,317	3,140,899	100,582
Transformation	662,480	583,420	-79,060
	14,008,079	11,280,640	-2,727,439
Budget Movements in Year	-334,626		334,626
Less: Staff cost amendments	-92,676	192,906	285,582
Pension adjustment	-561,965	0	561,965
Add: Additional pension contribution	507,000	0	-507,000
Add: Minimum Revenue Payment	202,000	1,389,000	1,187,000
Internal asset charges reversed	-2,204,180	-2,075,410	128,770
NET COST OF SERVICES	11,523,632	10,787,136	-736,496

14. The net cost of services is made up of a summation of all the individual service budget sheets which are then adjusted for a number of other items to give the net cost of services.

Service Budgets

15. The main changes against the revised budget are outlined below.

Business

16. Business expenditure has decreased however once the movement in asset charges is removed then the overall budget has actually increased by about £80k. Support service recharges have increased by £100k due to changes in the way support costs are allocated and wages overall including pensions by £20k but this has been offset by an increase in income. The theatre budget has been aligned with the business plan giving an overall budget of £351k.

Community

17. Community expenditure has increased mainly due to an increase of £249k in contractor costs for waste collection and a reduction in recycling credits from SCC. There is also an increase in some support service recharges and wages otherwise most of the changes are due to reallocation of resources.

Corporate

18. There is overall growth in the budget of which £10k relates to asset charges. The remainder is changes in staffing costs and some recharges.

Finance

19. There was a reduction in costs made up of less staff being allocated to corporate, reduction in insurance costs and additional income from summons for Council tax and business rates.

Legal and Property

20. Of the large reduction in the budget £722k is due to additional income from Albany Park which was purchased in 2016/17. This has been offset by reductions in income from the Atrium and Ashwood House.

Regulatory

21. This budget has increased overall by £100k. This is nearly all due to the increase in consultants for planning policy to support the town centre. There has also been a reallocation of support costs within the service.

Transformation

22. Transformation has a reduced mainly due to reduced expenditure on the community safety partnership.

Regeneration

23. Increase in income from purchase of town centre investments during 2016/17. These figures exclude any review required to repay debt – this is shown as the Minimum Revenue Payment lower down in the budget.

Employee costs

24. Employee costs have been held at no growth for a number of years despite increases due to increments, pay rises and additional taxes such as the apprenticeship levy and NI. This year the salaries budget has increased to cover increased pension costs and to take account of some of the historic pressures. In exchange a 4% vacancy margin has been applied across the board which, based on past performance, should be achievable. There is also growth in salaries to cover the additional staff required to manage the Council's commercial property portfolio and to reflect the growth in wages in the private sector with which the Council competes for staff.

Other Items

25. The "Cost of Services" is made up a summation of the individual budget sheets by service. These are then adjusted for a number of different items as follows:

Staff cost amendments

26. This includes an allowance for a pay increase which is yet to be agreed.

Minimum Revenue Payment

27. The Council has entered into loans to purchase property and has also borrowed internally to fund the capital program. The Minimum Revenue Payment or MRP

is a charge that is made against revenue to ensure that debt is repaid. The interest on loans is charged against the services.

Internal asset charges reversed

28. Services are charged for their “use” of assets to reflect the “wearing out” of those assets. However local authority accounting rules do not permit these costs to be charged to Council Tax and so they are deducted from the budget. This is in contrast to the private sector where depreciation is a charge against profit.

Impact of Property Purchase in 2016/17

29. The Council made substantial investments in property in 2016/17 which have had a positive impact on the budget as shown in the table below:

New Property Investment contribution to General fund						
			Albany	Mall	Hof	Total
			£000	£000	£000	£000
Rent			1,101	3,710	1,079	5,890
Property costs			50	160		210
Professional costs			8	220		228
			58	380	0	438
Profit before interest			1,043	3,330	1,079	5,452
Interest costs			-320	-1,872	-370	-2,562
Profit after interest			723	1,458	709	2,890
Minimum Revenue Payment						-1,389
Contribution to general fund						1,501

30. Based on the price paid this equates to a return of 2.4%. In addition St Georges Industrial Estate, purchased in 2015/16, is budgetted to contribute £174k towards the cost of Council services in 2017/18 which equates to a return of 2.1%.
31. This has meant that the Council has been able to cover reductions in grant, wages, pension pressures and general savings targets and balance the budget without resorting to the use of New Homes Bonus.
32. It is worth stating that although there are risks around property investment and the income it generates, without it a number of services would need to be cut to reflect the reductions in Government Funding set out in this paper.

Minimum Revenue Payment (MRP)

33. MRP is an amount required under the Prudential Regulations to be charged to revenue to pay back debt. In the budget £1,389,000 has been allowed to meet this requirement in accordance with the Council's MRP policy.

Surrey Heath Borough Council Council Tax Requirement

34. Not all of the "Net Cost of Services" is paid for by Council Tax payers. Hence in order to get to the "Council Tax requirement", which represents the amount residents actually pay deductions are made to allow for sources of funding. This is summarised in the table below:

COUNCIL TAX REQUIREMENT 2017/18			
	2016/17		2017/18
			£5 Inc
	Budget		Budget
	£		£
NET COST OF SERVICES	11,523,632		10,787,136
Less: Investment Interest earned	-300,000		-300,000
Less: Savings Target	-197,344		0
Add: Contribution to Parishes	19,943		19,943
BUDGET REQUIREMENT	11,046,231		10,507,079
Less: Collection Fund Surplus	-72,170		-238,258
Less: Business Rates baseline	-1,435,359		-1,464,663
Less: Additional Business Rates			-200,000
Less: Rate Support Grant	-356,817		0
Less: New Homes Bonus	-1,418,000		-1,226,266
Less: Other Grants in settlement	-132,988		-84,448
Add: Tfr to Reserves	718,000		1,226,266
Less: Funding from Reserves	-746,900		-645,000
Add: Parish Precepts	537,437		557,575
COUNCIL TAX REQUIREMENT	8,139,434		8,432,285
Less: Special Expenses	-176,000		-176,000
Less: Parish Precepts	-537,437		-557,575
OWN COUNCIL TAX REQUIREMENT	7,425,997		7,698,710
<i>Band D equivalent Properties</i>	<i>36,890.20</i>		<i>37,318.03</i>
<i>Base Council Tax per Band D property</i>	<i>£201.30</i>		<i>£206.30</i>

35. These items are now explained in more detail below:

Investment Income

36. Although the Council is still operating in a low interest environment the Council has managed to maintain returns by broadening the range of investments it invests albeit with higher risk. The revised strategy based on the advice of our treasury advisors Arling Close, which permits investment in property and

corporate bond funds as well as equity funds, has maintained returns despite falling interest rates.

Contribution to Parishes

37. The Council pays a special grant to parishes to compensate them for the change to the tax base due to the introduction of the Local Council Tax support scheme (LCTSS). Despite the Government now providing no funding to pay for it Executive has proposed that for the year 2017/18 the grant be maintained at its current level.

Support for Parishes due to the LCTSS within 2017/18 budget:

Parish/Town	Support given in 2016/17	Support for 2017/18
Bisley	1,334.30	1,334.30
Chobham	2,962.87	2,962.87
Frimley and Camberley	8,116.98	8,116.98
West End	1,591.65	1,591.65
Windlesham	5,937.64	5,937.64
TOTAL	£19,943.44	£19,943.44

Members are asked to NOTE that there is no reduction in support for parishes.

Collection Fund

38. The Borough Council collects Council Tax on behalf of all precepting authorities. If the amount collected is less than predicted this results in a deficit on the Collection Fund. Conversely, if the amount collected is greater than predicted this results in a surplus. Any deficit or surplus is shared amongst all the principal precepting bodies.
39. Due to better than predicted collections and additional properties the Section 151 officer has determined that a surplus of £2,000,000 can be declared for the year. Of this £1,501,127 will be paid to Surrey County Council, £260,615 to the police and the remaining £238,258 to the borough. This will be used to support the budget for 2017/18.

Members are asked to NOTE the Council Tax surplus of £2,000,000 being declared

New Homes Bonus

40. In 2010 the Government introduced an incentive to encourage house building. This rewarded local authorities for the number of houses they constructed and also provided an additional payment for any affordable units built. The payment was calculated each year using the tax base growth and was originally paid in the 6 years following the increase in the base. i.e. if a house was completed in year 1 then the council would receive payments in years 2 to 7.
41. The Government announced in the spring that New Homes Bonus would be continued indefinitely but that they were looking at ways of “sharpening” the incentive. This was backed up by a consultation which suggested ways of reducing the cost of NHB.

42. In December the Government announced a number of changes to the NHB going forward. These are as follows:
- In 2017/18 the incentive will be paid for 5 years rather than 6;
 - In 2018/19 and onwards the incentive will be paid for 4 years rather than 5;
 - There will be an assumed housing delivery of 0.4% of the tax base each year (0.25% in the original consultation – this change alone costing £0.8m over 4 years). For Surrey Heath this means that the first 149 units built each year will not qualify for NHB
 - From 2018/19 NHB will not be allowed on homes granted on appeal. This means that councils will be financially penalised for not approving housing;
 - From 2018/19 NHB will probably not be granted if no local plan is in place.
43. The changes above are likely to cost Surrey Heath over £4m in lost NHB up to 2021 if houses are built at the same levels as is currently
44. The levels of grant anticipated over the next few years as a result of these changes is shown in the table below:

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m	£m
Original scheme	1.275	1.421	1.735	1.696	1.777	1.771
Revised scheme	1.275	1.421	1.226	0.724	0.486	0.449
Difference	0	0	0.509	0.972	1.291	1.322

45. The purpose of these changes is to save £250m from NHB which can then be diverted to the Better Care Fund for adult social care. Surrey Councils in total have lost £6.241m of NHB but Surrey CC has only received back £4m as additional grant for Adult Social care meaning there has actually been a net outflow of funds from Surrey.
46. It is worth stating that NHB is not “new” money and instead comes out of redistributed local authority funds – mainly by top slicing business rates. However it is becoming an increasingly important source of revenue for those areas that want to build housing.
47. The Government has always assumed that New Homes Bonus is used to support on-going services and indeed include it in their calculation of “Core Spending Power” which lists the resources councils have to deliver services. Due to the investment the Council made in property in 2016/17 none of the NHB is required this year to fund the revenue budget.

Transfers to reserves

48. This represents the New Homes Bonus placed in to reserves.

Transfers from Reserves

49. Management Board examined the 2017/18 Estimates in detail to identify expenditure which was either of a non-recurring nature or could be funded from reserves. It has determined that the following items totalling £645,000 should be funded from reserves:

- £75,000 of expenditure relating to community grants included in the budget is being funded from the community fund. Typically this budget is under spent;
- £250,000 of costs related to Transformation is being financed from the Capital Revenue reserve as it is deemed to be an investment to deliver transformational change to Council services and thus deliver savings in the medium term. This may become an additional budget pressure going forward;
- £20,000 for community safety using Crime and Disorder Partnership funding;
- £150,000 for property maintenance from reserves;
- £100,000 for reserves to support survey work in the Town Centre;
- £50,000 from reserves for Family support.

Members are asked to NOTE that expenditure of £645,000 is funded from reserves.

Share of Business Rates

50. The Government announced last year that Councils would receive 100% of business rates rather than the 50% at present. Although Local Government as a whole keeps all of the business rates this is not the case on an individual Council by Council basis. A high level consultation was carried out by Government in March 2016 on the new scheme but as yet no details have been published. What is clear is that Localisation of Business Rates gives local authorities a direct financial incentive to increase economic growth activity, as measured by an increase in business rates driven by development, in their local area. Under the current scheme for every additional £1 collected above the initial baseline 50p goes to Government to be redistributed as grants such as New Homes Bonus etc, 10p goes to Surrey CC, 20p levy goes to fund a safety net for areas suffering large reductions in rateable income and 20p remains in Surrey Heath. Conversely a fall in income of £1 will result in a loss of income of 50p to the government, 10p to the county and 40p to Surrey Heath – however this loss is capped at 7.5% of our overall baseline meaning the most Surrey Heath can lose is £110k.

51. The table below shows the level of business rates the Government expects Surrey Heath to collect and how this translates into actual funding:

**Total Business Rates and Council Share
2017/18 to 2019/20**

	2016/17	2017/18	2018/19	2019/20
	Final	Provisional	Assumed	Assumed
	£000	£000	£000	£000
Baseline - assumed minimum collected	34,310	33,475	34,553	35,783
Less: 50% to Government	-17,155	-16,738	-17,276	-17,891
Less: 10% to SCC	-3,431	-3,348	-3,455	-3,578
Share for SHBC	13,724	13,390	13,821	14,313
Less Fixed Tariff	-12,289	-11,925	-12,309	-12,747
Business Rates for SHBC	1,435	1,465	1,512	1,566
Less Tariff Adjustment	0	0	0	-933
Remining share of Business Rates	1,435	1,465	1,512	633
%age share	4.2%	4.4%	4.4%	1.8%
Safety Net	1,328	1,355	1,398	1,448

52. The above table reflects the figures released in the provisional settlement on the 14th December 2016. It is difficult to predict with any accuracy what will happen beyond 2019/20 as details are awaited as to how the 100% localisation of business rates will work. The application of a negative tariff in 2019/20 reduces the level of business rates received substantially. It is likely that this will increase in future years meaning that Surrey Heath could well receive no business rates at all in the future.
53. The cost of any revaluations, irrespective as to which year they relate, falls on the borough together with any interest due. The Government has introduced a time limit on claims and a whole new process of check and challenge is being used for appeals related to the 2017 revaluation. The revaluation is likely to lead to a significant number of appeals thus making income levels difficult to predict. Whilst some sectors in the borough such as retail have seen values fall other areas such as offices have seen steep increases.
54. Councils can “pool” together for Business Rates which means that they are treated as one combined unit for the application of the levy and safety net for that particular year. The levy, equivalent to 50% of gains the borough gets from growth, can be reduced through pooling. The Surrey treasurers engaged consultants to advise on the best combination of authorities in Surrey for a pool and it was found that a pool consisting of Surrey Heath, 4 other districts, the County and LB Croydon delivered the best financial outcome for 2017/18. This was because of the growth that Surrey Heath has achieved in its Business Rates base and which is therefore subject to the levy.
55. The table below shows estimated direct gains and losses for percentage changes in business rates income against the government baseline of £34m.

Table showing effect of changes in Business Rates		
Actual NDR achieved in 2015/16 (relative to NDR Baseline)	Change in Business Rates Required (£000)	Difference in Funding (£000)
Baseline NDR +3%	1,005	201
Baseline NDR +2%	670	134
Baseline NDR +1%	335	67
Baseline NDR	0	0
Baseline NDR - 1%	-340	-110
Baseline NDR - 2%	-670	-110
Baseline NDR - 3%	-1,005	-110

56. The Council has worked hard to increase economic growth in the borough and to ensure that all properties that attract business rates are placed on the register and billed and hence it is likely that this year there will be a surplus on business rates. To reflect this an additional £200k has been included in the budget in addition to the base line set by Government.

Local Government Settlement 2017/18

57. As part of the multiyear settlement announced last year the Council was informed that it would receive no grant in 2017/18. This was confirmed in the provisional settlement published in December 2016. In 2019/20 the settlement shows that the grant may become negative but this may be changed in the light of the introduction of the localisation of business rates.

58. The table below includes the settlement as it has been announced so far.

	Final Allocation 2012/13	Final Allocation 2013/14	Final Allocation 2014/15	Final Allocation 2015/16	Final Allocation 2016/17	Provisional Allocation 2017/18	Anticipated Allocation 2018/19	Anticipated Allocation 2019/20
	£0	£0	£0	£0	£0	£0	£0	£0
Core Funding								
Revenue Support Grant	63	1,415	1,441	965	357	0	0	0
Share of Business Rates	3,080	1,370	1,304	1,330	1,435	1,465	1,512	1,586
Transitional Grant					133	84	0	
Tariff adjustment								-933
	3,143	2,785	2,745	2,295	1,925	1,549	1,512	653
Other Grants rolled in:								
Council Tax Freeze Grant	176	176	176	174				
Homelessness Grant		50	50	49				
Returned funding			3	0				
Council Tax Support Funding		419						
	3,319	3,430	2,974	2,518	1,925	1,549	1,512	653

59. Members should note that not only has there been a steep reduction in funding over the last 5 years but that this is set to continue going forward. In addition the grant that was given in compensation for the transfer of Council tax benefit to Councils in 2013/14 and which was then rolled in to the Revenue Support Grant has now disappeared completely. The funding allocated for parishes for the same reason has also gone.

Special Expenses

60. These reflect the cost of providing services to non-parished areas which in parished areas are funded by a parish precept. The charge is billed as a separate item to non parished areas in a similar way to a precept in parished areas.

Council Tax

61. Each property in the borough is placed in one of 8 property bands A to H depending on the value of the property. Band D is considered as the “national average” Council Tax band and it is this band that is used for setting the tax and comparing with other authorities. A band A property pays 2/3 of the cost of a Band D property whereas a band H one pays twice as much. The mix of houses in the borough means that Surrey Heath has one of the highest proportions of top banded properties in the country.
62. Council Tax is levied on what is known as the “tax base” or the number of Band D equivalent properties in the borough. Due to the Council supporting housing development the base has risen this year by 427 band D equivalent properties. This will generate an additional £85k in income for the borough. The base is shown in the table below:

Council Tax Base

	2017/18	2016/17	Change
Bisley	1,566.16	1,513.05	53.11
Chobham	1,960.49	1,928.94	31.55
Frimley & Camberley	23,664.75	23,382.72	282.03
West End	2,027.92	2,013.81	14.11
Windlesham	8,098.72	8,051.68	47.04
Total	<u>37,318.03</u>	<u>36,890.20</u>	<u>427.83</u>

63. Although Surrey Heath collects Council Tax on behalf of all the preceptors only around 12% of the total bill actually comes back to this Council.
64. **The Council is at liberty to set whatever level of Council Tax it so wishes** but is obliged to hold a referendum on any increase if it exceeds the capping limits set by the Minister. This has been set at £5 or 2% whichever is the higher for all Districts. The cost of the referendum would all on the council.
65. Councils with Adult Social care responsibilities, such as Surrey County Council, are allowed to levy an additional social care precept of a maximum of 6% over the next 3 years with a limit of 3% in any single year. Surrey County Council have decided to levy this precept in order to offset some of the increases in costs in Adult Social Care which arise due to an aging population and increasing costs. It should be noted that although Surrey Districts, unlike many other Districts, do provide social care services they are not able to levy this additional precept.
66. The current Surrey Heath band D Council Tax is £201.30. An increase of £5 would increase the Surrey Heath element to £206.30.

67. The Surrey Police and Crime Commissioner has announced his intention to increase Council Tax by 1.99% just under the maximum 2% allowed.
68. Surrey County Council has also announced that it will increase its precept by 1.99%, being just under the 2% allowed without a referendum. This will make the total increase for Surrey County Council including the social care precept 4.99%.

	2017/18	2016/17	£ change	% change
	£	£		
Surrey Heath Borough Council	206.30	201.30	5.00	2.48%
Surrey County Council	1,331.55	1,268.28	63.27	4.99%
Surrey Police and Crime Commissioner	224.57	220.19	4.38	1.99%
	<u>1,762.42</u>	<u>1,689.77</u>	<u>72.65</u>	<u>4.30%</u>

69. Given the longer term financial implications the **Sec 151 officer would urge members to increase Council tax this year for Surrey Heath by the maximum permitted £5**. Only by doing this can income for services be protected for future years

Members are asked to NOTE the trigger of the higher of 2% or £5 for “excessive” Council Tax increases set by the Minister

Parish Precepts

70. Each Parish within Surrey Heath is able to set its own “precept” or charge. This is collected by the borough from residents as part of their Council Tax at no charge.
71. Parishes are not subject to the referendum rules and can set any level of precept they wish.
72. The parish precepts are shown below:

Parish	2017/18			2016/17			Increase
	Tax Base	Precept	Band D	Tax Base	Precept	Band D	
Bisley	1,566.16	92,406	59.00	1,513.05	82,012	54.20	8.85%
Chobham	1,960.49	77,037	39.29	1,928.94	78,000	40.44	-2.82%
West End	2,027.92	86,864	42.83	2,013.81	83,747	41.59	3.00%
Windlesham	8,098.72	301,268	37.20	8,051.68	293,678	36.47	1.99%
Total Parishes	13,653.29	557,575	40.84	13,507.48	537,437	39.79	2.64%
Frimley & Camberley	23,664.75	176,000	7.44	23,382.72	176,000	7.53	-1.19%
	<u>37,318.04</u>	<u>733,575</u>	<u>19.66</u>	<u>36,890.20</u>	<u>713,437</u>	<u>19.34</u>	<u>-1.62%</u>

TOTAL BUDGET

73. The overall budget reflecting all of the information above is attached as annex A

OTHER MATTERS

Reserves and Provisions

74. The Council maintains a number of earmarked reserves and provisions. These are reviewed on an annual basis by the Performance and Finance Scrutiny Committee. All reserves and provisions are considered appropriate and supportive of future expenditure requirements. Revenue Reserves (including earmarked reserves) are projected to be around £19m at the 31st March 2018, however all capital reserves will have been exhausted.

Adequacy of the General Fund

75. The General Fund reserve is the Council's contingency fund which needs to be sufficient to deal with any unexpected expenditure.

76. Whichever option for Council Tax is taken it is predicted that the general fund will be at least £2.0m at the 31st March 2018.

77. In respect of the General Fund working balance, a risk calculation (Annex C) indicates that a minimum balance of £1m is needed to provide financial cover for day to day cash flow and any financial emergencies which may occur during the financial year. This is satisfied by all the Council Tax options presented.

Fees and Charges

78. A number of fees and charges have been increased and have been approved in accordance with the Financial Regulations. These changes are reflected within the budget. A list of these can be found on the Council's website under Finance.

MEDIUM TERM FINANCIAL FORECAST

79. Each year as part of the budget process a financial forecast is prepared which attempts to model the Council's finances over this period. The Government has announced the funding allocations for 2020/21. Whilst we do not have details beyond that it has been assumed that the reductions in that period will carry on beyond 2020/21.

80. The forecast assumes that there is no change in services or income. Its purpose is to show the scale of the challenge over the next 5 years.

81. The introduction of 100% localisation of Business Rates possibly in 2019/20 will lead to increased volatility in income for Councils however for the purposes of the forecast it has been assumed that there will be no major changes. The potential impact of changes in business rates is highlighted elsewhere in this report.

82. The forecast takes no account of any significant projects that may arise during the life of the forecast. Part of the decision process for these projects will be a consideration of their impact on the Council's future funding.

83. The Council has invested significantly in property during 2016/17 which is reflected in the forecast. It is likely that further investments will be made but these are not included as they cannot be quantified at this time, however this will be one of the ways in which any future funding gap could be addressed

84. The Financial Forecast is made up of 4 parts as follows:

Revenue fund projection

85. This rolls forward the current proposed budget, reflecting future changes as agreed by Management Board and the assumptions in the table below.

Capital Expenditure forecast

86. This shows a projection of the level of Capital Reserves based on known “approved” future expenditure. For the purposes of this forecast it has been assumed that significant capital projects will be funded by borrowing and be self-financing.

Capital and revenue balances

87. This sets out the predicted use of reserves based on the financial forecast.

Assumptions

88. The assumptions used in the forecast are set out below. It should be noted that these are only assumptions for the purposes of the financial model and should not be seen as an indication of policy for future years:

Forecast Assumptions

Category	Assumption
Inflation - wages	1.5%
Inflation - Expenses	1.5%
Investment Returns	1.5% to 2.0%
Government Funding	As per SR2015
Council Tax	£5 pa increase
Fees and Charges	2.0%
Surrey CC funding	£100k reduction
Pension payments	No change
New Homes Bonus	As per settlement
Increase in Property Income from Town centre	This will be used to fund additional borrowing for improvements

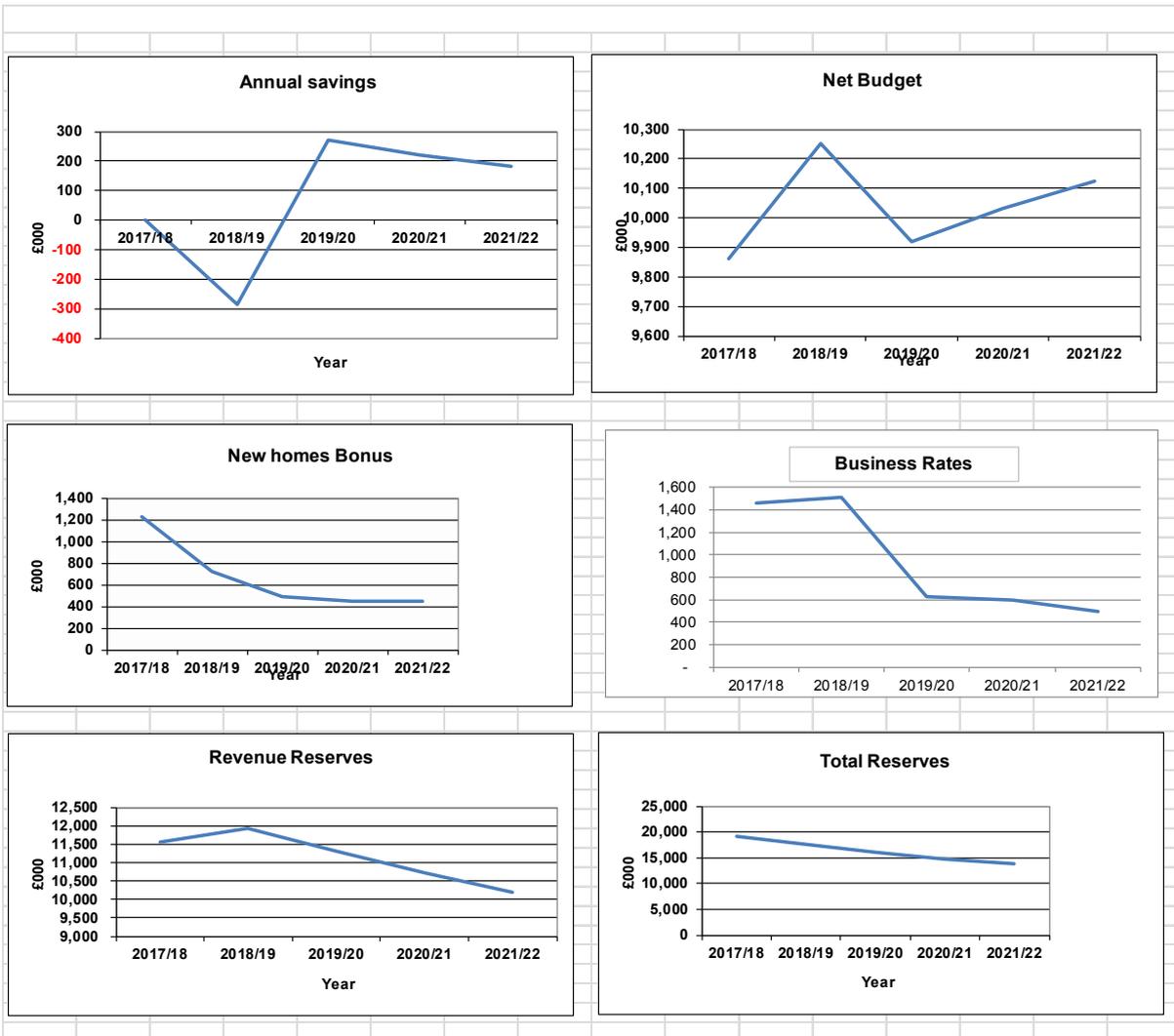
89. It should be noted that the above assumptions are not meant to indicate future policy but are only for illustrative purposes.

Risks to be considered in relation to financial forecast

90. The forecast is based on a set of assumptions that are in reality a “best guess”. This year more than ever there are a number of areas of uncertainty, particularly in relation to the local government finance reforms, which potentially could have a huge effect on forecasts.

Financial projection based on the proposed budget for 2017/18

91. The graphs show the projected outcomes for the period from 2017/18 to 2021/22. The detailed schedules are in Annex B.



Explanation of Graphs

92. The meaning of the graphs is as follows:

- Annual Savings – It can be seen that there is a surplus in 2018/19 but that this changes to a deficit in 2019/20 as the negative grant comes in. This deficit falls as Council Tax and income rises;
- Net Budget – The net budget falls slightly and then increases as inflation begins to add to costs;
- New Homes Bonus – this reduces steeply as the changes to the incentive introduced by Government take effect;
- Business Rates – These fall as the Government takes a greater and greater share of Business Rates generated within the borough;
- Revenue reserves – These fall as they are used on the activities which they have been set aside for as well as capital expenditure;
- Total reserves – These fall as reserves are spent.

Conclusions to be drawn from the Financial Forecast

93. This year marks the first year with no Government funding. It has been assumed that in future years the Council will become a net contributor to Government funds thereby adding a further cost pressure to the Council's finances. The Council will be more and more reliant on generating its own income to support services and the purchase of property in 2016/17 is a major step down this path. The way the Council operates will need to change in the future if core services are to be maintained.
94. The financial situation has changed completely when compared to the same time last year. There is now a gap of £184k in 2020/21 compared to £1.7m in the forecast last year. The investment in property driven by Key Priority 2 has contributed significantly to closing this financial gap. This means that despite the forecast assuming that the whole of the New Homes Bonus will be used to support the budget in later years the whole scale of the funding challenge has reduced significantly.
95. Surrey Heath will need to continue to invest and encourage development to drive income if it is to address these challenges. This is not without risk but there seems to be little alternative if services are to be maintained. It will therefore be important that further investments are made, as well as greater efficiencies realised, if the funding gap is to be eliminated completely.
96. If the Council is unable to bridge the gap, then services may have to be reduced or stopped to ensure that the budget remains in balance.
97. Funding of capital continues to be a challenge. Capital receipts are very low and funding is being done through borrowing or from revenue reserves. Services are being required to fund capital out of future savings to ensure that reserves are not run down.

Members are asked to NOTE the outcome of the financial forecast and the challenges it contains.

RISKS TO THE PROPOSED BUDGET

98. There are a number of financial risks contained within the budget as follows:

Income Projections

99. A number of services are reliant on income to pay for their services. Whilst services have been prudent in their estimates economic factors or changes in legislation that are beyond the Council's control can affect the Council's ability to levy charges. There is also a risk that the council may receive reduced property rents if tenants were to leave and not be replaced. This risk increases as the Council invests in property.

Property income

100. The Council is reliant on property income to pay for services. This is subject to the commercial market and therefore can fall as well as rise. However the Council does have sufficient reserves to deal with any short term issues.

Inflation

101. Inflation is increasing but it has been assumed that any increase over that in the forecast would be absorbed

Funding Risks

102. Business Rates continues to present a risk to the Council finances albeit contained within the safety net provisions. There are also risks around future funding from the county.

Members are asked to NOTE the risks outlined above

ROBUSTNESS OF THE 2017/18 BUDGET

103. The Local Government Act requires the Council's Chief Financial Officer to report to Council upon:

- (i) The robustness of the estimates made for the purposes of the calculation of the council tax requirement; and
- (ii) The adequacy of the proposed financial reserves

The Council is required to have regard to this section of the report when making decisions in respect of the budget requirement.

104. The Council's Chief Financial Officer confirms he is satisfied that the preparation of the 2017/18 estimates has been undertaken with rigour and due diligence and provides the appropriate level of resources to meet forecast service requirements whichever budget option is adopted. He also reports that the Council's Reserves, Provisions and the General Fund Working Balance, supplemented by the Revenue Capital Reserves are at such levels to meet all known future expenditure requirements and fund any unforeseen or urgent spending which may arise.

105. The Chief Financial Officer would like to draw attention to the risks within the budget particularly around the reliance on income to fund services

Members are asked to note the comments in respect of the robustness of the 2017/18 budget and the adequacy of Reserves, Provisions and the General Fund Working Balance

Conclusion

106. The financial landscape for the borough has changed significantly over the last year. The investment in property during 2016/17 has not only meant that the Council's aspirations for regeneration have come a step closer but has also meant that significant levels of income are being generated in order to maintain services.

107. It is clear from the settlement that although Government says austerity is to be eased it intends that Councils will continue to provide a significant slice of reductions in Government spending. Certainly in two tier areas funding is moving from Districts to Counties to enable them to cope with the increasing demands from children and adult social care. However in Surrey the funding lost by districts is usually more than the income gained by the county.

108. Whilst details of how the 100% localisation of business rates will operate are awaited, it is clear that Surrey Heath will only get a smaller proportion of business rates than it does now – around 1.8% - this is far short of the 100% public figure. What seems increasingly likely is that Surrey Heath will lose all of its business rates, say by 2025, as the "negative tariff" increases. What will be interesting is whether austerity will stop at that point or whether the Government will start to take Council Tax as well.

109. Fortunately that conundrum is well in to the future. What is important now is that the Council continues its policy of delivering further efficiencies and increasing income. This will involve further joint working with other Councils, as exemplified by the Joint Waste Project, and more shared services. More importantly though it will mean borrowing and investing in property for a return and pushing hard economic development in the form of housing and new business premises. These are the only methods available to enable the Council to maintain its services.

110. Hence it is important that the Council continues to pursue its strategy of Growth, Efficiency and Income as follows:

- Deliver Growth in line with Key Priority 2:
 - *Property Investment for income and regeneration*
 - *House building to generate Council Tax*
 - *Business and economic growth for Business Rates*

- Deliver Efficiency in line with Key Priority 3
 - *Smarter working through technology*
 - *Shared services with other organisations*
 - *Joint contracting with other Councils*

- Deliver Income in line with Key Priority 2
 - *Increase Council Tax to provide certainty of funding*
 - *Promote income generating events*
 - *Increase asset and investment returns*

Legal implications

111. The Council has a statutory duty to set a balanced budget. The budget, which is approved by Full Council, will form part of the Council's Budget and Policy Framework. With only a very few exceptions, all decisions of the Executive, Council, Officers, and subordinate bodies must be taken in accordance with the Council's Budget and Policy Framework.
112. The Council has a duty to appoint an officer with specific responsibility for the proper administration of its financial affairs. At Surrey Heath Borough Council, this officer is the Executive Head of Finance ("Section 151 Officer"). When making recommendations for the budget, the Council's Section 151 Officer must report on both the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council's Section 151 Officer has a duty to make a formal report (to full Council and to the external auditor) if it appears to him that the expenditure or proposed expenditure of the council is likely to exceed the resources available to it to meet that expenditure.

Equality Implications

113. The Council recognises that where budgetary proposals are likely to have a significant impact on Council policies or service provision, such changes may have a disproportionate impact on particular sectors or groups within the population. It is thus important to conduct an assessment of such impact, in line with the Council's commitments as set out in our Corporate Equality Plan, and in compliance with our statutory equality duties.
114. Where significant service changes are likely to occur as part of proposals included in budgetary proposals, the Council will consider conducting an Equality Impact Assessments (EIA) of these proposals. EIAs are all about considering how such proposals may impact, either positively or negatively, on different sectors of the population in different ways. The purpose of such assessments is to:
- Identify whether the proposals are likely to have a disproportionate impact on any particular group within the population;
 - whether such an impact is positive or negative; and
 - whether such an impact might constitute unlawful discrimination.
115. Where disproportionate negative impact and/or unlawful impacts are identified, the assessment provides a means for the Council to take appropriate steps to either avoid such an impact or take appropriate action to mitigate it.

Proposal to Members to Increase Council Tax by £5

116. It is proposed that Members:
- i. NOTE that under delegated powers the Executive Head of Finance calculated the amount of the Council Tax Base as 37,318.03 (Band D Equivalent properties) for the year 2017/18 calculated in accordance with the Local Government Finance Act 1992, as amended;
 - ii. NOTE expenditure totalling £645,000 be charged directly to reserves;

- iii. NOTE that an increase in Council Tax above £5 is deemed to be “excessive” by Government;
- iv. NOTE the level of MRP required;
- v. NOTE that the Revenue Support Grant has been reduced to zero in 2017/18;
- vi. NOTE the there is no reduction in the grant given to Parishes for the Local Council Tax Support Scheme;
- vii. NOTE that a council tax surplus of £2,000,000 is being declared;
- viii. NOTE the comments in respect of the robustness of the 2017/18 budget and the adequacy of the Council’s reserves, provisions and the General Fund Working Balance;
- ix. NOTE the comments in respect of the financial forecast in respect of the budget gap and the potential impact on the future financial sustainability of the Council;
- x. NOTE that of the Council’s Budget requirement, £176,000 be a special expense relating to the non-parished area of the Borough.
- xi. RESOLVE that the Budget Requirement for 2017/18 be £10,507,079 as set out in Annex A;
- xii. RESOLVE that the Council Tax Requirement for the Council’s own purposes for 2017/18 be £7,698,710 as set out in Annex A and;
- xiii. RESOLVE that the Council Tax for 2017/18 (excluding special expenses and Parish precepts) be set at £206.30 for a Band D property being an increase of £5 compared to 2016/17.

Options

117. The Council can accept, reject or amend any part of the budget, non recurring expenditure items, savings target and/or the Council Tax Requirement. Any changes however may have an impact on the overall robustness of the budget which may then need to be reassessed.

118. The Council can accept, amend or reject any of the proposals for levels of Council Tax as they see fit. Each 0.1% change in the level of Council Tax changes the savings required by approximately £7,400. Any alternative proposal would need to be assessed to ensure that the budget remained robust and take into account the “referendum” principles if appropriate .

Recommendation Members to Increase Council tax by £5

It is recommended that Members

- i. NOTE that under delegated powers the Executive Head of Finance calculated the amount of the Council Tax Base as 37,318.03 (Band D Equivalent properties) for the year 2017/18 calculated in accordance with the Local Government Finance Act 1992, as amended;
- ii. NOTE expenditure totalling £645,000 be charged directly to reserves;

- iii. NOTE that an increase in Council Tax above £5 is deemed to be “excessive” by Government;
- iv. NOTE the level of MRP required;
- v. NOTE that the Revenue Support Grant has been reduced to zero in 2017/18;
- vi. NOTE the there is no reduction in the grant given to Parishes for the Local Council Tax Support Scheme;
- vii. NOTE that a council tax surplus of £2,000,000 is being declared;
- viii. NOTE the comments in respect of the robustness of the 2017/18 budget and the adequacy of the Council’s reserves, provisions and the General Fund Working Balance;
- ix. NOTE the comments in respect of the financial forecast in respect of the budget gap and the potential impact on the future financial sustainability of the Council;
- x. NOTE that of the Council’s Budget requirement, £176,000 be a special expense relating to the non-parished area of the Borough.
- xi. RESOLVE that the Budget Requirement for 2017/18 be £10,507,079 as set out in annex A;
- xii. RESOLVE that the Council Tax Requirement for the Council’s own purposes for 2017/18 be £7,698,710 as set out in annexe A and;
- xiii. RESOLVE that the Council Tax for 2017/18 (excluding special expenses and Parish precepts) be set at £206.30 for a Band D property being an increase of £5 compared to 2016/17.

Officer recommendation

119. The Section 151 Officer would recommend that Members approve an increase in Council Tax by £5, the maximum permitted without triggering a referendum, in order to protect and maintain the Council’s services and finances in the longer term.

Background Papers: Set of detailed revenue estimates in Members Room and on E Scene.

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GENERAL FUND REVENUE ACCOUNT

2017/18 SUMMARY BUDGET

	2016/17	2017/18	Variance
	Budget	£5 Inc Budget	
	£	£	
Business	1,864,350	1,644,978	-219,372
Community	4,774,406	5,106,533	332,127
Corporate	1,457,240	1,501,660	44,420
Finance	1,906,020	1,807,400	-98,620
Legal and Property	-84,400	-719,390	-634,990
Town Centre and Regeneration	387,666	-1,784,860	-2,172,526
Regulatory	3,040,317	3,140,899	100,582
Transformation	662,480	583,420	-79,060
	<u>14,008,079</u>	<u>11,280,640</u>	<u>-2,727,439</u>
Less: Staff cost amendments	-92,676	192,906	285,582
In year budget changes	-334,626		334,626
Pension adjustment	-561,965	0	561,965
Add: Additional pension contribution	507,000	0	-507,000
Add: Minimum Revenue Payment	202,000	1,389,000	1,187,000
Internal asset charges reversed	-2,204,180	-2,075,410	128,770
NET COST OF SERVICES	<u>11,523,632</u>	<u>10,787,136</u>	<u>-736,496</u>
Less: Investment Interest earned	-300,000	-300,000	
Less: Savings Target	-197,344	0	
Add: Contribution to Parishes	19,943	19,943	
BUDGET REQUIREMENT	<u>11,046,231</u>	<u>10,507,079</u>	
Less: Collection Fund Surplus	-72,170	-238,258	
Less: Business Rates baseline	-1,435,359	-1,464,663	
Less: Additional Business Rates		-200,000	
Less: Rate Support Grant	-356,817	0	
Less: New Homes Bonus	-1,418,000	-1,226,266	
Less: Other Grants in settlement	-132,988	-84,448	
Add: Tfr to Reserves	718,000	1,226,266	
Less: Funding from Reserves	-746,900	-645,000	
Add: Parish Precepts	537,437	557,575	
COUNCIL TAX REQUIREMENT	<u>8,139,434</u>	<u>8,432,285</u>	
Less: Special Expenses	-176,000	-176,000	
Less: Parish Precepts	-537,437	-557,575	
OWN COUNCIL TAX REQUIREMENT	<u>7,425,997</u>	<u>7,698,710</u>	
<i>Band D equivalent Properties</i>	<i>36,890.20</i>	<i>37,318.03</i>	
<i>Base Council Tax per Band D property</i>	£201.30	£206.30	

ANNEX B1

REVENUE FUND PROJECTION 2017/18 to 2021/22

2017/18 £000		2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Budget	Portfolio				
1,645	Business	1,645	1,645	1,645	1,645
5,107	Regulatory	5,107	5,107	5,107	5,107
1,502	Corporate	1,502	1,502	1,502	1,502
1,807	Community	1,807	1,807	1,807	1,807
-1,785	Town centre and Regeneration	-1,785	-1,785	-1,785	-1,785
-720	Legal and Property	-720	-720	-720	-720
3,141	Finance	3,141	3,141	3,141	3,141
583	Transformation	583	583	583	583
11,280		11,280	11,280	11,280	11,280
	Other items				
(2,075)	Internal Asset charges	(2,075)	(2,075)	(2,075)	(2,075)
20	Contribution to Parishes	20	20	20	20
1389	MRP funding	1389	1382	1419	1449
(645)	Reserves funding	(645)	(645)	(645)	(645)
0	Non recurrent costs		35		
9,969		9,969	9,997	9,999	10,029
	Base budget changes				
192	Wages Inflation	150	302	411	552
	Pension funding	100	200	200	200
	contract Inflation	135	272	411	552
	Fees and charges inflation	(140)	(283)	(428)	(577)
(300)	Investment returns	(275)	(260)	(252)	(323)
	Property changes	411	(209)	(209)	(209)
	SCC Grant reduction	100	100	100	100
	Joint waste savings	(200)	(200)	(200)	(200)
(108)	Total	281	(78)	33	96
9,861	Total Budget to be funded	10,250	9,919	10,032	10,125
	Financed By				
84	Transitional Grant	0	0	0	0
1,465	Business Rates	1,512	633	600	500
200	Business Rates Pooling				
7,698	Council Tax	7,925	8,153	8,383	8,615
	New Homes bonus	724	486	451	450
238	Collection Fund Surplus	200	200	200	200
176	Special Expenses	176	176	176	176
9,861	Total Finance	10,537	9,648	9,810	9,941
0	Funding Gap/Savings	-287	271	222	184

ANNEX B2

CAPITAL EXPENDITURE FORECAST 2016 TO 2022

	Estimated 2017/18 £'000	Estimated 2018/19 £'000	Estimated 2019/20 £'000	Estimated 2020/21 £'000	Estimated 2021/22 £'000
Disabled Facilities Grants	600	600	600	600	600
Mall Refurbishment		7,000			
London road Rec	25				
Refuse trucks	3,200				
dog Van	10				
community Bus	40				
GRAND TOTAL OF ALL SCHEMES	3,875	7,600	600	600	600
CAPITAL RECEIPTS RESERVE B/F	480	425	0	20	40
Add: Funding from Capital Revenue Reserve	0	6,555	0	0	0
Add: Funding from Loans	3,200				
Add: Government Grant	600	600	600	600	600
Add: Capital Receipts	20	20	20	20	20
Less: Capital Expenditure	(3,875)	(7,600)	(600)	(600)	(600)
CAPITAL RECEIPTS RESERVE C/F	425	0	20	40	60
CAPITAL REVENUE RESERVE B/F	9,672	9,322	9,417	9,067	8,717
Less: Reserves funding applied	(350)	-350	(350)	(350)	(350)
Borrowing		7,000			
Less Funding Required for Capital	0	(6,555)	0	0	0
CAPITAL REVENUE RESERVE C/F	9,322	9,417	9,067	8,717	8,367

ANNEX B3

**GENERAL FUND CAPITAL AND REVENUE BALANCES ESTIMATED 2017 TO 2022
WITH £5 COUNCIL TAX INCREASE**

Estimated Balance 31-Mar-17 £000		Estimated Balance 31-Mar-18 £'000	Estimated Balance 31-Mar-19 £000	Estimated Balance 31-Mar-20 £000	Estimated Balance 31-Mar-21 £000	Estimated Balance 31-Mar-22 £000
	Capital Reserves					
480	Capital Receipts	425	0	20	40	60
480	Sub Total Capital Reserves	425	0	20	40	60
	Earmarked Revenue Reserves					
13	Atrium Public Art	11	11	10	10	9
850	Affordable housing	850	0	0	0	0
320	Atrium s106	280	250	200	150	100
90	Blackwater Valley & Developer Conts	80	70	50	30	0
9	Gum Machine	8	6	4	2	0
4	Chobham Partnership	0	0	0	0	0
288	CIL	200	200	200	200	200
600	Commutated Sums	500	400	300	250	250
250	Community Fund	200	150	100	50	0
100	Crime and Disorder Partnership	80	60	0	0	0
300	Deepcut Commuted Sums	280	270	250	230	220
50	Frimley 3G	75	100	0	25	50
35	Heathside Muga	0	0	0	0	0
180	Insurance	150	100	90	80	80
300	Land Drainage	250	200	150	100	50
0	Land Charges	0	0	0	0	0
80	new burdens	0	0	0	0	0
	New Homes Bonus	1,200	1,200	1,200	1,000	1,000
19	Old Dean Toddlers Playground	15	12	12	10	8
50	Personalisation	0				
150	Sec 106	100	70	50	30	10
550	Planning Tariffs	400	500	600	300	350
1,600	Repairs and Property Fund	1,450	1,300	1,150	1,000	850
150	Recycling Fund	100	0	0	0	0
45	Remediation Fund	0	0	0	0	0
150	Surrey Family Support	0	0	0	0	0
1,300	SANGS	1,000	700	400	400	500
7,483	Total Earmarked Revenue Reserves	7,229	5,599	4,766	3,867	3,677
	Other Revenue Reserves					
9,672	Capital Revenue Reserve	9,322	9,417	9,067	8,717	8,367
2,220	General Fund Working Balance	2,220	2,507	2,235	2,013	1,830
11,892	Total Other Revenue Reserves	11,542	11,924	11,302	10,730	10,197
19,855	TOTAL RESERVES	19,196	17,523	16,088	14,637	13,934

GENERAL FUND REVENUE RESERVE						
CALCULATION OF THE MINIMUM REQUIREMENT						
				Calculation Basis		TOTAL
				Base	%	Total
				£000		£000
Provision for cash flow on expenditure Items						
Based on gross General Fund Expenditure				19,000	3%	475
Provision for shortfall in major income budgets						
Arena				202	3%	6
Building control Fees				285	3%	9
Car Park Income				2,233	5%	112
Community alarms				272	3%	8
Community Transport				201	3%	6
Development Control				550	3%	17
Housing				95	3%	3
Investment Income				300	5%	15
Licensing				156	3%	5
Local Land charges				230	3%	7
Meals on Wheels				164	3%	5
Older peoples centres				141	3%	4
Parks				310	5%	16
Property Rents				7,531	5%	377
Theatre				945	5%	47
Waste and recycling				895	3%	27
				14,510		662
Other Contingencies						
- Major Incident or business recovery						50
Cost of major enquiry						50
- Shortfall on Business Rates						100
TOTAL RESERVE REQUIRED						£1,337