

The Highland Council

21 January 2016

Agenda Item	3
Report No	HC/1/16

Revenue Budget - 2016/17

Report by Director of Finance

Summary

The purpose of this report is to provide an update on the latest developments regarding the budget forecast position for 2016/17, and to highlight the scale of the budget deficit.

1. Background

- 1.1 Council last received an updated budget forecast at its meeting on 17 December 2015, the day after Local Government Finance circular No 7/2015 was issued. A revised version of the circular was received on 24 December.
- 1.2 Receipt of the Finance circular allows a more robust calculation of the budget gap in advance of setting the budget for 2016/17. However the circular only provides provisional funding allocations and these may change before the final budget bill is presented to the Scottish Parliament in late February 2016.

2. Revised Budget Gap

- 2.1 The high level budget position is shown below and takes account of roll forward budget pressures such as pay awards and other pressures identified in budget reports considered by the Council in June and December 2015.
- 2.2 The funding package from Scottish Government represents a £18.334m reduction on 2015/16 which equates to about a 4% cut in external funding.
- 2.3 Proposals to close the budget gap of £37.9m will be presented to Council by the Administration Group on 25 February 2016.

	£m	£m
Estimated Roll Forward Budget 2016/17		602.634
Funding		
General Revenue Grant	310.837	
Gaelic Ring Fenced Grant	0.940	
Non Domestic Rates Income	127.682	
Scottish Government Funding	439.459	
Council Tax Income	115.024	
Total Income		554.483
Budget Gap		48.151
Savings agreed December 2014		10.185
Current Budget Gap		37.966

3. Implications

- 3.1 Resource and Risk - Budget forecasts carry a number of assumptions and there is therefore a financial risk to the Council should actual costs prove higher than estimated. The scale of savings required to achieve a balanced budget mean a significant risk, and inevitable reduction, to the breadth of services currently provided by the Council.
- 3.2 Legal - There are no specific Legal issues arising from this report.
- 3.3 Equalities - All budget savings proposals will require an equalities impact assessment to be undertaken.
- 3.4 Climate Change/Carbon Clever - There are no specific Climate Change/Carbon Clever implications arising from this report. However proposals do require to consider savings that can be achieved through more efficient use of energy.
- 3.5 Gaelic and Rural Implications - There are no specific Gaelic or Rural implications directly arising from this report. However the scale of budget savings required inevitably means that there will be implications once proposals for savings are developed.

Recommendations

Formal decisions will require to be taken by the Council in order to achieve a balanced budget by 25 February 2016, at this stage the Council is asked to acknowledge the updated budget position.

Designation: Director of Finance

Date: 11 January 2016

Author: Head of Corporate Finance

Background Papers: Finance Circular No7/2015