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**REPORT TO:** COUNCIL

**DATE:** 25 FEBRUARY 2016

**REPORT OF THE:** FINANCE MANAGER (s151)  
PETER JOHNSON

**TITLE OF REPORT:** FINANCIAL STRATEGY 2016/2017

**WARDS AFFECTED:** ALL

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The report sets out the changes to the Council's funding as a result of the Final Local Government Finance Settlement announced on the 8th February 2016, after Policy and Resources Committee, and reflects those changes in a revised recommendation.

### **2.0 RECOMMENDATIONS**

That Council is recommended:

- (i) To approve the Council's Financial Strategy, as amended within this report, which includes:
  - a. Savings/additional income totalling £584k (Financial Strategy Appendix A)
  - b. Growth Pressures totalling £410k (Financial Strategy Appendix A)
  - c. The Prudential Indicators (Financial Strategy Appendix B)
  - d. The revised capital programme (Financial Strategy Appendix D)
  - e. The Pay Policy 2016/2017 (Financial Strategy Appendix E)
- (ii) a revenue budget for 2016/2017 of £6,412,605 which represents a 2.82% in the Ryedale District Council Tax, increasing the Band D charge from £176.72 to £181.71 (note that total Council Tax, including the County Council, Fire and Police is covered within the separate Council Tax setting report to Full Council) and to reduce the amount of New Homes Bonus required to balance the revenue budget for 2016/17 by £104,522 and to reflect these changes in the medium term revenue forecast.
- (iii) to approve the special expenses amounting to £35,100;
- (iv) to note the financial projection for 2016/17 – 2020/21 as amended within this report (Annex B).

### **3.0 REASON FOR RECOMMENDATIONS**

3.1 To reflect the changes to this Council's funding as a result of the Final Local Government Settlement.

### **4.0 SIGNIFICANT RISKS**

4.1 Section 9 of the Financial Strategy outlines the significant risks in the Council's finances and mitigating controls.

### **5.0 POLICY CONTEXT CONSULTATION**

5.1 The Financial Strategy is a key strategy document that affects all service delivery. It links to the Corporate Plan and all other strategic plans as well as providing the means for attaining the Council's objectives and priorities.

## **REPORT**

### **6.0 BACKGROUND AND INTRODUCTION**

6.1 Policy and Resources Committee on the 4th February 2016 recommended the following to Council:

That Council is recommended:

- (i) To approve the Council's Financial Strategy (Annex A) which includes:
  - a. Savings/additional income totalling £584k (Financial Strategy Appendix A)
  - b. Growth Pressures totalling £410k (Financial Strategy Appendix A)
  - c. The Prudential Indicators (Financial Strategy Appendix B)
  - d. The revised capital programme (Financial Strategy Appendix D)
  - e. The Pay Policy 2016/2017 (Financial Strategy Appendix E)
- (ii) a revenue budget for 2016/2017 of £6,381,609 which represents a 1.99% in the Ryedale District Council Tax, increasing the Band D charge from £176.72 to £180.23 (note that total Council Tax, including the County Council, Fire and Police is covered within the separate Council Tax setting report to Full Council) and to reduce the amount of New Homes Bonus required to balance the revenue budget for 2016/17 by £73,526 and to reflect these changes in the medium term revenue forecast.
- (iii) to approve the special expenses amounting to £35,100;
- (iv) to note the financial projection for 2016/17 – 2020/21 (Annex B).

6.2 The final settlement was announced on the 8th February 2016 and the following changes were published.

- Rural Services Delivery Grant to be increased by £427,390 in 2016/17 and by £211,930 in 2017/18 with future years grant funding remaining unchanged from the provisional settlement.
- Additional Transition Grant announced of £25,170 for 2016/17 and £25,070 for 2017/18.
- Flexibility to increase Council Tax by £5 or 2%, whichever is higher, without the need for a referendum.

- 6.3 The Council has already delivered a balanced budget for 2016/17 based on the lower level of government support announced in the provisional finance settlement through the creation of over £500k of savings.
- 6.4 Government assumptions around Council Tax growth have remained unchanged as a result of the final settlement, ie. core spending power assumptions are still based on an inflationary council tax increase over the life of the current Parliament. Council Tax Freeze Grant will not be available in 2016/17.
- 6.5 The increased grant funding announced in the final settlement is only temporary for the years 2016/17 and 2017/18, the council will still be required to deliver the same level of savings by 2019/20 as was calculated from the provisional settlement. However the increased grant funding does give flexibility in the short term to deliver Member priorities as well as set aside funding to enable delivery of the Towards 2020 transformation programme.
- 6.6 Officers recommend the amended approach highlighted above by accounting for the increase in grant funding of £453,100 and reducing the amount of New Homes Bonus required to balance the 2016/17 budget by the same amount. The medium term revenue forecast can also be updated to reflect the same scenario for 2017/18.
- 6.7 In terms of the increased flexibility around Council Tax increases, a £5 increase in the Band D equivalent would generate an additional £30,996 of council tax income every year going forward and this will compound over time. Officers recommend this amendment to the Policy and Resources Committee resolution, which reflects a prudent approach to the medium term financial strategy of the Authority.

## **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
Significant financial implications on the Council are detailed in the report and the Financial Strategy.
  - b) Legal  
There are no additional legal issues on the Council from the recommendations.
  - c) Other  
The proposals within the Financial Strategy do impact on the staffing resources of the Authority. Appropriate procedures and plans are in place to manage these issues.

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**Background Papers:**

[Provisional local government finance settlement: England, 2016 to 2017 and future years - GOV.UK](#)

[New Homes Bonus: sharpening the incentive: technical consultation - Consultations - GOV.UK](#)

[Ryedale District Council - budget consultation](#)

**Background Papers are available for inspection at:**

N/A