



BUDGET UPDATE

REVENUE BUDGET 2016/20

In February 2015, Aberdeenshire Council approved a five year budget from 2015/16 onwards. This included a balanced one year budget for 2015/16. For the years between 2016/17 and 2019/20 the budgets were left with a cumulative shortfall of approximately £50 million.

Budget Strategy 2016/20 Initial Strategy

The Council has reviewed the medium term financial strategy by considering existing budget pressures, emerging pressures and underspends from the current year's monitoring, new savings options and income patterns to help reduce the funding gap.

Existing Budget Pressures

A review was undertaken on the assumptions made to arrive at the funding gap of £17.561 million for 2016/17. The Council have considered it reasonable to accept more risk in a number of areas and to reduce existing budget pressures accordingly.

There are also some emerging budget pressures being experienced in the current year and although these are being offset by underspends if these budget pressures are not considered as part of next year's budget there is a risk that specific budget lines could overspend in 2016/17.

Further Budget Savings and Reductions

A review of the current year's, and last year's underspends has been undertaken. As a result it is proposed that these underspends are reviewed as savings options and considered for incorporation within the process to help close the budget funding gap.

All budget savings options will be reviewed by the Council with the potential for additional savings being identified and savings brought forward from later years into 2016/17 across all services.

Financial Position Summary

If all the assumptions and risks indicated above are agreed then the Council will still have an imbalance on the budget for 2016/17. Officers are developing options for Councillors to consider to close this imbalance and these will be presented to Full Council in February 2016.

Grant Settlement

The grant settlement will be available at a Council level in December 2015. The Council currently assumes flat cash or a 0% cut in the grant settlement.

The Scottish Government recently confirmed there will be a cash increase in public sector funding in Scotland, however COSLA has confirmed that a cash cut to local government is still possible. If a cash cut is applied then a further plan will be required to close this funding gap should this scenario arise. This course of action will potentially involve services absorbing more cost pressures.

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