

REVENUE BUDGET 2016/17 – FIRST DRAFT SAVINGS PLANS

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance IT and Customer

Wards(s) affected: All

Purpose of the Report

To inform the Committee of the current proposals being considered to balance the 2016/17 revenue budget.

Recommendations

- a) That the Committee note the proposals as set out in the appendix to the report.
- b) That the Committee identify any areas where further information is required for consideration at its meeting in January.
- c) That the Committee suggest any further areas of savings that should be considered.

Reasons

To enable the Committee to review the proposals and to determine whether further information is required on any of the proposals.

1. **Background**

- 1.1 The Council's Medium Term Financial Strategy (MTFS) was approved by Cabinet on 11 November 2015 and considered at your last meeting on 4 November. It indicates that there will be a budget "gap" of £1.478m in respect of 2016/17 and that this will need to be closed in order to produce a balanced budget.
- 1.2 The Council's financial settlement for 2016/17 is to be received from Central Government in mid-late December. It is possible that this will differ from the assumption made in the Medium Term Financial Strategy, this would result in a change to the forecast budget "gap" of £1.478m.

2. **Proposed Savings and Funding Strategies to eliminate the Budget Gap for 2016/17**

- 2.1 The Budget Review Group and your officers have been identifying and considering ways of eliminating this gap. As a result of this work, a number of savings and funding strategies have been identified and agreed with managers as being feasible and sustainable. The proposals are outlined in the table below and set out in detail in the attached Appendix to enable the Committee to review them and determine whether any further information is required on any of the proposals for consideration at its meeting in January. Further work is still ongoing to identify further savings.

| Category | Amount | Comments |
|--|---------------|--|
| | £'000 | |
| Procurement | 51 | Smarter procurement and reductions in the amount of supplies procured |
| Additional Income | 316 | Net savings arising from New Waste Recycling Service |
| Staffing Efficiencies | 260 | No redundancies are anticipated to arise from these proposals |
| Good Housekeeping Efficiencies, General Other Savings, Changes in Base Budgets | 106 | Various savings arising from more efficient use of budgets |
| Alternative Sources of Finance/ Other Savings | 631 | Additional contribution to the revenue budget from New Homes Bonus funding, savings from advanced payments of superannuation contributions, effect of forecast Council Tax Base increase. Details of the level of any council tax freeze grant or council tax "caps" have not yet been announced. Figures are based on the national arrangements in place for 2015/16. Details for 2016/17 are expected to be announced as part of the Local Government Financial Settlement later in December. |
| Total | 1,364 | |

3. **Timetable**

- 3.1 Set out in the table below are the key dates of the events still to take place before the budget for 2016/17 is finally approved.

| When | Who | What |
|-------------------|--------------|---|
| 3 December | FRAPSC | First review of draft savings plans |
| Mid-Late December | All | Local Government Financial Settlement |
| 20 January | Cabinet | Consideration of draft budget proposals |
| 27 January | FRAPSC | Scrutiny of the draft budget proposals |
| 10 February | Cabinet | Final budget proposals to be recommended for approval by Full Council |
| 24 February | Full Council | To approve the budget |

FRAPSC – Finance, Resources and Partnerships Scrutiny Committee

4. **List of Appendices**

Appendix 1: Savings and Funding Strategies

| Ref | Service Area | Description | £000's | % of Budget Line(s) | Detail |
|--------------------------------------|---------------------------------------|--|------------|---------------------|--|
| Procurement | | | | | |
| P1 | Business Improvement and Partnerships | Third Sector Commissioning | 13 | 6.0% | Reduction in budgetary requirement from collaboration with Staffordshire County Council and Locality Commissioning |
| P2 | Finance | Payment Card Contract | 7 | 20.0% | Procurement savings from tendering exercise for a new payment card contract as approved by Cabinet on 11 November 2015 |
| P3 | Housing and Regeneration | Housing Advice Contract | 31 | 9.3% | Saving per awarded contract value for 2016/17 |
| | | | 51 | | |
| Income | | | | | |
| I1 | Recycling and Fleet | Waste and Recycling Review | 316 | 9.6% | Bringing in house of external contracts, full review and rationalisation of service (further savings of £184k to be achieved in 2017/18) |
| | | | 316 | | |
| Staffing Related Efficiencies | | | | | |
| S1 | Assets | Restructure of Service/Handy Person Post | 30 | 8.2% | Savings from finalisation of restructure of the Assets Service including the establishment of an in house handy person post (savings in contractor payments) |
| S2 | Finance | Car Leasing Scheme | 3 | 0.8% | Car leases not renewed following expiry |
| S3 | Leisure and Cultural | Sports and Active Lifestyles Review | 45 | 4.6% | Total savings of £95,000 over 2015/16 and 2016/17 from review of staffing of the service |
| S4 | Operational Services | Temporary Contract | 4 | 3.2% | Temporary contract of Landscape Technical Assistant not renewed (2 months saving, 10 months saving in 2015/16) |
| S5 | Operational Services | Public Conveniences | 10 | 50.0% | Redeployment of Public Conveniences Attendant following reduction in facilities provided |
| S6 | Operational Services | Park Attendant Service | 68 | 33.5% | Total savings of £138,000 over 2015/16 and 2016/17 from review of service and staffing of the service |
| S7 | Operational Services | Business Manager Review | 50 | 17.2% | Business Manager review in Operational Services |
| S8 | Revenues and Benefits | Modernisation of the Revenues and Benefits Service | 50 | 3.5% | Implementation of Citizens Access resulting in additional staffing capacity. Staffing capacity reduced by flexible retirements and removal of vacant post |
| | | | 260 | | |

Good Housekeeping/General Other Savings/Changes in Base Budgets

| | | | | | |
|----|---------------------------|--|------------|--------|--|
| G1 | Communications | Jazz and Blues Festival | 3 | 100.0% | Removal of contribution to the Town Centre Partnership re. Jazz and Blues Festival |
| G2 | Customer and ICT Services | Review of the Customer Service Centres | 20 | 4.6% | Review of the Guildhall and Kidsgrove Customer Service Centres, savings include income from the provision of additional services (e.g. First Bus) |
| G3 | Customer and ICT Services | Reduction in Computer Software Costs | 3 | 1.7% | Reduction in budgetary requirement for computer software costs |
| G4 | Finance | External Audit Fees | 18 | 22.2% | Reduction in the fees charged to the Council by Grant Thornton |
| G5 | Finance | Business Rates on Council Owned Properties | 13 | 46.4% | Reduction in business rates for which the Council is liable (Knutton Recreation Centre) |
| G6 | Housing and Regeneration | Destination Staffordshire | 2 | 20.0% | Reduction in contribution required to the Destination Staffordshire partnership (tourist board for Staffordshire) |
| G7 | Housing and Regeneration | Town Centre Partnership Contribution | 23 | 100.0% | Final phased removal of contribution to the Town Centre Partnership (£7,500 in 2015/16 and £22,500 in 2016/17) |
| G8 | Leisure and Cultural | Community Centres | 14 | 13.3% | Reduction in grant given by the Council and reduction in repairs and maintenance following grant of full leases to Community Centre committees, agreed as part of the 2015/16 budget setting process |
| G9 | Leisure and Cultural | New Victoria Theatre Grant | 10 | 11.4% | Phased reduction of grant given over a 5 year period agreed as part of the 2015/16 budget setting process |
| | | | 106 | | |

Alternative Sources of Finance/Other

| | | | | | |
|----|-----------|------------------------------|------------|-------|---|
| A1 | Corporate | Invest to Save Savings | 4 | 10.3% | Savings following financing of invest to save schemes (e.g. Civic Offices water heater) |
| A2 | Corporate | Superannuation Lump Sum | 58 | 5.3% | Discount for payment to the Pensions Actuary in advance of superannuation lump sums |
| A3 | Corporate | Council Tax Base | 105 | 1.7% | Increase in Council Tax Base (increase in residential properties from 35,242 to 35,578 at £176.93 per property per CTB1 form plus increase to 35,838 during 2016/17 per new homes bonus forecast) |
| A4 | Corporate | New Homes Bonus contribution | 340 | 18.7% | Further additional funding to be received in 2015/16 |
| A5 | Corporate | Council Tax Increase | 124 | 1.9% | Increase of 1.9%. Details of the level of any freeze grant or Council Tax "caps" have not yet been announced. These figures are based on the arrangements in place for 2015/16 |
| | | | 631 | | |

Grand Total 1,364

NB. This still leaves a shortfall of £114,000 to be identified (£1.478m current forecast 'gap', less £1.364m)