

REVENUE BUDGET 2017/18 – 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 2017/18 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 and Efficiency Plan for 2017/18 to 2021/22 was approved by Cabinet on 14 September 2016 and considered at your last meeting on 8 September. It indicated that there will be a budget "gap" of £2.563m in respect of 2017/18 and that this will need to be closed in order to produce a balanced budget.
- 1.2 The Medium Term Financial Strategy and Efficiency Plan has been submitted to Central Government for the purpose of securing a four year settlement for Revenue Support Grant up to an including 2019/20.
- 1.3 Since the Medium Term Financial Strategy and Efficiency Plan was compiled a number of further budget pressures have been identified, i.e. a reduction in car parking income (£100,000), increased business rates payable by the Council during 2017/18 as a result of the draft revaluations issued by the valuation office (£50,000) and market supplements payable to Development Control and Planning Policy Officers (£18,000). The revised budget "gap" for 2017/18 is therefore £2.731m.

2. **Proposed Savings and Funding Strategies to eliminate the Budget Gap for 2017/18**

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	16	Smarter procurement and reductions in the amount of supplies procured
Additional Income	184	Net savings arising from New Waste Recycling Service
Staffing Efficiencies	463	No redundancies are anticipated to arise from these proposals
Good Housekeeping Efficiencies, General Other Savings, Changes in Base Budgets	549	Various savings arising from more efficient use of budgets
Alternative Sources of Finance/ Other Savings	1,328	Additional contribution to the revenue budget from New Homes Bonus funding, savings from negotiated contribution rates and advanced payments of superannuation contributions, effect of forecast Council Tax Base increase, savings from Parish Council concurrent functions contributions. An assumed £5 (per band D equivalent) increase in Council Tax.
Total	2,540	

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 2017/18 is finally approved.

When	Who	What
2 November	FRAPSC	First review of draft savings plans
Mid-Late December	All	Local Government Financial Settlement
18 January	Cabinet	Consideration of draft budget proposals
25 January	FRAPSC	Scrutiny of the draft budget proposals
8 February	Cabinet	Final budget proposals to be recommended for approval by Full Council
22 February	Full Council	To approve the budget

FRAPSC – Finance, Resources and Partnerships Scrutiny Committee

4. **List of Appendices**

Appendix 1: Savings and Funding Strategies

2017/18 Savings and Funding Strategies BEING CONSIDERED (will require robustness checks and final review)

Appendix 1

Ref	Service Area	Description	£000's	% of Budget Line(s)	Detail
Procurement					
P1	Business Improvement and Partnerships	Insurance Premium Renewal	16	5.3%	Additional saving from 2016/17 tender and acceptance of increased excesses
			16		
Income					
I1	Recycling and Fleet	Waste and Recycling Review	184	5.5%	Bringing in house of external contracts, full review and rationalisation of service (in addition to savings of £316k in 2016/17)
			184		
Staffing Related Efficiencies					
S1	All	Vacant Posts Review	200	1.3%	Full review of current and future vacant posts
S2	All	Flexible Retirements	117	0.8%	Employees approved for flexible retirement
S3	Environmental Health	Pest Control	13	10.3%	Reduction in Pest Control staffing from 2.5 full time employees to 2 full time employees
S4	Finance	Digital Delivery	100	TBC	Implementation of a programme of digital delivery to enable postage, stationery and resources efficiencies
S5	Finance	Car Leasing Scheme	27	23.3%	Car leases not renewed following expiry
S6	Operational Services	Employee Allowances	6	30.0%	Reduction in budgetary requirement for employee allowances
			463		
Good Housekeeping/General Other Savings/Changes in Base Budgets					
G1	All	Good Housekeeping Savings	200	TBC	Reductions in budgetary requirements for supplies and services
G2	Assets	Public Sector Hub	163	TBC	Revenue savings from occupation of new public sector hub when compared to occupation of Civic Offices
G3	Business Improvement and Partnerships	Grants	37	50.0%	Introduction of a Borough lottery to replace current grants process, with proceeds distributed to local good causes and charities
G4	Central Services	Elections	40	100.0%	No Borough Election to be undertaken during 2017/18 (residual amount to be placed into a reserve for future years)
G5	Communications	Printing Services	41	19.2%	Utilisation of external printers to provide printing service and reduction in the publication of the Reporter to twice per annum (A4 folded publication)

G6	Customer and ICT Services	Reduction in Computer Software Costs	20	4.9%	Reduction in budgetary requirement for computer software costs
G7	Environmental Health	Pest Control and Dog Warden Vehicles	15	71.4%	Purchase of vehicles as opposed to leasing costs
G8	Finance	Business Rates on Council Owned Properties	9	1.1%	Reduction in business rates for which the Council is liable (Knutton Recreation Centre)
G9	Leisure and Cultural	Community Centres	14	22.2%	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
G10	Leisure and Cultural	New Victoria Theatre Grant	10	12.8%	Phased reduction of grant given over a 5 year period agreed as part of the 2015/16 budget setting process

549

Alternative Sources of Finance/Other

A1	Corporate	Invest to Save Savings	15	20.0%	Savings following financing of invest to save schemes (telephony)
A2	Corporate	Superannuation Lump Sum	179	14.9%	Negotiation of contribution rate and discount for payment to the Pensions Actuary in advance of superannuation lump sums
A3	Corporate	Council Tax Base	47	0.7%	Increase in Council Tax Base (forecast increase of 260 residential properties)
A4	Corporate	New Homes Bonus contribution	694	38.8%	Further additional funding to be received in 2017/18 (£319k) and transfer of capital funding to revenue (£375k)
A5	Corporate	Minimum Revenue Provision	66	100.0%	Minimum revenue provision (a statutory requirement to make a charge to the Councils general fund to make provision for the repayment of the Councils past credit liabilities) is no longer required following expiry of expenditure finance leases
A6	Corporate	Business Rates	50	1.2%	Additional revenue generated through the Business Rates Retention system
A7	Corporate	Revenue Investment Fund	35	100.0%	Contributions to the revenue investment fund to be ceased
A8	Corporate	Council Tax Increase	182	2.8%	Assumed increase of £5 per Band D equivalent property
A9	Corporate	Parish Council Section 136 Contributions	60	100.0%	Removal of the payment made to Parish Councils for concurrent functions

1,328

Grand Total 2,540

NB. This still leaves a shortfall of £191,000 to be identified (£2.731m current forecast 'gap', less £2.540m)