

## **REVENUE BUDGET 2019/20 – FIRST DRAFT SAVINGS PLANS**

**Submitted by:** Executive Director (Resources and Support Services)

**Portfolio:** Finance and Efficiency

**Wards(s) affected:** All

### **Purpose of the Report**

To inform the Committee of the current proposals being considered to balance the 2019/20 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.
- 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 for 2019/20 to 2023/24 was approved by Cabinet on 17 October 2018 and considered at your last meeting on 20 September. It indicated that there will be a budget "gap" of £1.891m in respect of 2019/20 and that this will need to be closed in order to produce a balanced budget.
- 1.2 Since the Medium Term Financial Strategy was compiled further budget pressures have been identified:
  - The proposed contractor for the operation of the Council's markets has decided not to proceed with their offer as proposed in the 2018/19 budget, resulting in a cost of £27,000 needing to be reinstated into the budget.
  - Income from the raising of summons relating to Council Tax debtors is considerably below that budgeted for due to the increased Council Tax collection rates of the Council. (i.e. increased collection results in less debts summonsed for). The income shortfall is forecast to be £108,000, £55,000 of which has already been provided for via the existing pressures in the Medium Term Financial Strategy, £53,000 remains as an additional pressure.
  - Income relating to the recycling of plastics and glass has fallen due to fluctuations in the prices within the recycling market, this has resulted in a significant shortfall in income. £187,500 is required to reflect the reduced income from this source.

The revised budget “gap” for 2019/20 is therefore £2.159m.

- 1.3 Over the 10 years from 2009/10 to 2018/19 £22.456m of “gaps” will have been met via a combination of savings, efficiencies and additional income, as shown in the table below:

Year	£m
2009/10	2.572
2010/11	2.389
2011/12	2.655
2012/13	2.621
2013/14	1.783
2014/15	2.100
2015/16	2.078
2016/17	1.834
2017/18	2.728
2018/19	1.696

## **2. Proposed Savings and Funding Strategies to eliminate the Budget Gap for 2019/20**

- 2.1 The Efficiency Board 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.

Category	Amount	Comments
	£'000	
Income	500	Additional sources of income generation and an increased demand for services that the Council charges for.
Staffing Efficiencies	410	No redundancies are anticipated to arise from these proposals.
Good Housekeeping Efficiencies, General Other Savings, Changes in Base Budgets	442	Various savings arising from more efficient use of budgets.
Alternative Sources of Finance/ Other Savings	1,055	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 2.99% (per band D equivalent) increase in Council Tax. Flexible use of capital receipts for the purposes of restructuring, digital delivery, equipment and the generation of ongoing efficiencies.
<b>Total</b>	<b>2,407</b>	

2.2 The savings and funding strategies identified in the table above and the attached Appendix will result in £248,000 over and above the budget 'gap' being made available for investment in the Council's key priorities and the addressing of any further capacity issues deemed necessary.

### 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 2019/20 is finally approved.

<b>When</b>	<b>Who</b>	<b>What</b>
6 December	All	Local Government Financial Settlement
16 January	Cabinet	Consideration of draft budget proposals
6 February	Cabinet	Final budget proposals to be recommended for approval by Full Council
20 February	Full Council	To approve the budget

### 4. List of Appendices

Appendix 1: Savings and Funding Strategies

**2019/20 Savings and Funding Strategies BEING CONSIDERED (will require robustness checks and final review)**

**Appendix 1**

Ref	Service Area	Description	£000's	% of Budget Line	Detail
<b>Income</b>					
I1	Communications	Advertising Income	20	44.4%	Additional income from advertising income project (i.e. billboards and car parks). Sites have been identified to be pursued further
I2	Environmental Health	Licensing Income	80	20.0%	Increased demand in licensing requirements from customers, based on the number of licences forecast to be applied for during 2019/20
I3	Operational Services	Bereavement Services Income	100	5.9%	Increased demand in Bereavement Services requirements from customers, based on the number of cremations forecast to be undertaken during 2019/20
I4	Planning and Development	Development Control Income	100	20.7%	Increase in planning income as a result of the 20% national increase in fees chargeable
I5	Recycling and Fleet	Green Waste Income	200	N/A	Introduction of a fee of £36 per initial bin for subscribing households for the collection of green waste, resulting from the withdrawal of green waste recycling credits payments received from Staffordshire County Council
			<b>500</b>		
<b>Staffing Related Efficiencies</b>					
S1	All	Vacant Posts and Flexible Retirements	159	TBC	A review of vacant posts and service. A number of employees have been approved for flexible retirement within the Revenues and Benefits and Customer Services
S2	Finance	Car Leasing Scheme	36	76.2%	Staff car leases to which the Council previously contributed not renewed following expiry
S3	Housing, Regeneration and Assets	Transfer of Disabled Facilities Function	72	29.9%	The transfer and retirement of Housing Officers following the transfer of the disabled facilities function to Millbrook Healthcare
S4	Housing, Regeneration and Assets	Restructure	26	6.0%	Minor restructure of the Facilities Management section and a reduction in hours of the Head of Housing, Regeneration and Assets
S5	Executive Management Team	Restructure	117	24.2%	A restructure of the Executive Management Team following a review of the Council's Senior Management structure
			<b>410</b>		
<b>Good Housekeeping/General Other Savings/Changes in Base Budgets</b>					
G1	Central Services	Whole Council Elections	50	44.6%	Following the move to all out, 4 yearly Elections, an annual saving in the amount set aside for Elections can be made. A contribution will be made into a reserve from the remaining budget to allow for the required budget at the next all out Election (including printing costs)
G2	Finance	External Audit Fees	13	20.6%	A reduction in the fees charged to the Council by Grant Thornton for the audit of the Council's statement of accounts

G3	Leisure and Cultural	Community Centres	14	27.2%	As a result of the successful granting of full leases to Community Centre committees, agreed as part of the 2015/16 budget setting process
G4	Leisure and Cultural	New Victoria Theatre Grant	10	17.5%	Phased reduction of grant given over a 5 year period agreed as part of the 2015/16 budget setting process
G5	Leisure and Cultural	Kidsgrove Sports Centre	100	100.0%	Reduction in base budgets required relating to the re-opening and running of the centre by a Community Interest Group. This is net of the borrowing costs associated with the initial contribution to the Community Interest Group from the Council
G6	Leisure and Cultural	Castle Sport/Sports Council	19	100.0%	The reserves that are held on behalf of Castle Sport are sufficient to enable the organisation to work towards becoming self-sufficient in the medium term
G7	Housing, Regeneration and Assets	Public Toilets Business Rates	5	100.0%	Introduction of Government legislation to grant a 100% relief from business rates for all standalone public toilets
G8	All	Good Housekeeping Savings	231	TBC	Reductions in budgetary requirements for supplies and services following a review of areas of underspend (e.g. printing, training, fuel, fees for services)
			<b>442</b>		
<b>Alternative Sources of Finance/Other</b>					
A1	Corporate	Superannuation Lump Sum	140	7.7%	Negotiation of the contribution rate relating to pensions contributions and a discount for the advanced payment to the Pensions Actuary of superannuation lump sums
A2	Corporate	Council Tax Base	58	0.8%	An increase in the Council Tax Base resulting from new properties, an increase in collection rate and a reduction in residents eligible for Council Tax Reduction (increase of 305 residential properties)
A3	Corporate	New Homes Bonus contribution	131	10.4%	Further additional New Homes Bonus funding to be received in 2019/20 as a result of new properties and a reduction in the number of empty properties within the Borough.
A4	Corporate	Council Tax Increase	211	2.99%	Assumed increase of 2.99% per Band D equivalent property, any increase above this amount would be subject to a referendum
A5	Corporate	Parish Council Section 136 Contributions	15	25.0%	Following on from the previous administrations policy, regarding the payment made to Parish Councils for concurrent functions, as agreed as part of the 2017/18 budget setting process
A6	Corporate	Flexible Use of Capital Receipts	500	N/A	The flexible use of capital receipts direction allows certain types of expenditure to be charged to capital rather than revenue, examples of these include, restructuring, digital delivery, generation of ongoing efficiencies and equipment
			<b>1055</b>		
<b>Grand Total</b>			<b>2,407</b>		