

REVENUE BUDGET 2014/15

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance and Resources

Wards(s) affected: All

Purpose of the Report

To inform the Committee of the current proposals being considered to balance the 2014/15 revenue budget.

Recommendations

(a) That the proposals as set out in the appendix to the report be noted and any comments be forwarded to the Cabinet for further consideration.

Reasons

To enable the Committee to review the proposals and to determine whether any comments are to be forwarded to the Cabinet for further consideration.

1. **Background**

- 1.1 The Council's Medium Term Financial Strategy (MTFS), approved by Cabinet on 16 October 2013 and considered at your last meeting on 6 November indicated that there would be a budget "gap" of £2.170m in respect of 2014/15 and that this would need to be closed in order to produce a balanced budget.
- 1.2 There have been a small number of changes made to the MTFS since its approval in October, reducing the gap by £121,000 to £2.049m. These are set out in the table below.

Change	£'000
Superannuation now required to be paid on overtime as from 1 April 2014	50
Reduction in Housing Benefits and Local Council Tax Support Administration Subsidy payable in 2014/15 as notified by Department of Work and Pensions and Department for Communities and Local Government	90
Superannuation contribution rate likely to be less than forecast	(111)
Removal of additional contribution to Revenue Investment Fund in 2014/15	(100)
Reduction in amount required for Contingencies	(50)
Total	(121)

2. **Proposed Savings and Funding Strategies to eliminate the Budget Gap for 2014/15**

- 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 proposed savings, totalling £2.049m, are outlined in the table below and set out in detail in Appendix 1 to enable the Committee to review the proposals and forward any comments it wishes to make to the Cabinet for further consideration.

Category	Amount	Comments
	£'000	
Procurement	259	Smarter procurement and reductions in the amount of supplies procured
Additional Income	158	Includes new sources of income and additional income arising from increased activity. This amount is additional to the amount of £96,000 included in the MTFS in respect of a general 2% increase in fees and charges.
Good Housekeeping Efficiencies	181	Various savings arising from more efficient use of budgets
Staffing Efficiencies	488	No redundancies arise from these proposals.
Better Use of Assets	115	Demolition of former Sainsburys site and sale of Jubilee1.
New Homes Bonus funding	208	Contribution to revenue budget from New Homes Bonus funding.
Council Tax Freeze Grant	70	Based on the Government's announcement of 1% for all local authorities who propose a Council Tax freeze.
Alternative Sources of Finance/Other Savings	570	Additional Business Rates retained, reduction in grants and contributions to external bodies, effect of forecast Council Tax Base increase.
Total	2,049	

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 2014/15 is finally approved.

When	Who	What
3 December	TROSC	First review of draft savings plans and feedback from the budget consultation
11 December	Cabinet	Feedback from the budget consultation
18-24 December ??	All	Local Government Financial Settlement
14 January	Scrutiny Café (all members)	Scrutiny of the first draft of the overall budget proposals
15 January	Cabinet	Consideration of draft budget proposals
22 January	TROSC	Scrutiny of the draft budget proposals
5 February	Cabinet	Final budget proposals to be recommended for approval by Full Council
26 February	Full Council	To approve the budget

TROSC - Transformation and Resources Overview and Scrutiny Committee

4. List of Appendices

Appendix 1: Savings and Funding Strategies

Appendix 1 – 2014/15 Savings and Funding Strategies Being Considered (will require robustness checks and final review)

Reference	Service Area	Description	£000's	% of Budget Line(s)	Detail
Procurement					
P1	Communications	Multi Functional Devices	38	53.7%	Contract savings for 2014/15 and 2015/16 only - require reinstatement for commencement of new contract from 2016/17
P2	Communications	Printing and publicity	3	2.9%	Savings generated from the centralisation of the Council's print and publicity budgets and the resulting challenges to purchasing
P3	Business Imp. and Partnerships	Procurement savings not identified in other services	100	*	Procurement savings identified via Procurement Group (grounds maintenance, building cleaning/materials, housing advice)
P4	Customer and ICT Services	ICT Software application purchase and maintenance	18	4.7%	Continued negotiation, rationalisation and renewal of ICT application/software/hardware contracts
P5	Internal Audit	Computer audit contract and software	5	30.8%	Saving on computer audit contract following annual procurement and reduction in requirement for software
P6	Recycling and Fleet	Contract uplifts	66	3.8%	Non application of recycling contract uplifts
P7	Recycling and Fleet	Vehicle costs	20	13.9%	Better procurement of parts and reduction in damage
P8	Housing	Homelessness agreements	9	11.6%	Negotiation and reductions in agreements/contracts held
			259		
Income					
I1	Various	Income Generation Project	60	*	Potential income generated from commissioning of Deloitte's income generation exercise (inc. additional advertising income from Council assets and licensing fees)
I2	Revenues and Benefits	Summons costs	30	4.8%	Alignment of budget to actual income levels received
I3	Operational Services	Large Coffin Cremations	10	1.3%	Income generated from amendments made to cremator
I4	Leisure and Cultural	Jubilee 2 reduction in net operating cost - prior to increase in fees and charges	18	3.0%	Net reduction in Jubilee 2 operating budget as per the approved business plan
I5	Recycling and Fleet	Recycling credits/contractor payments	40	7.9%	Net reduction in the variance between the amount paid to recycling contractors and the amounts received in recycling credits and material income
			158		

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Staffing Related Efficiencies					
S1	Various	Vacant Posts	150	1.0%	Review of current vacant posts contained within the budget
S2	Assets	Assets Restructure	50	4.5%	Restructure of Assets Service
S3	Central Services	Central Services Restructure	50	8.3%	Restructure of Central Services
S4	Human Resources	Human Resources Restructure	50	16.5%	Minor Restructure of Human Resources
S5	Human Resources	Overtime review	100	36.5%	Review of overtime in respect of working practices and terms and conditions
S6	Human Resources	Car Leasing	10	6.9%	Contributions no longer required re. employees leaving the Authority or ending their lease
S7	Human Resources	Corporate Training Budget	10	33.3%	Reduction in the Councils corporate training budget - efficiencies gained through more electronic courses and sharing costs with other local authorities
S8	Finance	Pay Award	11	1.0%	Chief Officers and Heads of Services 2013/14. No pay award made, therefore, realignment of base budget
S9	Operational Services	Streetscene (Development and Enforcement) restructure	9	4.7%	Flexible retirement of Assistant Environmental Officer - redistribution/reallocation of tasks
S10	Leisure and Cultural	Replacement of Sports and Active Lifestyles Manager post with Grade 10 post	12	4.9%	Minor restructure following Sports and Active Lifestyles Manager post holder leaving the Authority
S11	Customer and ICT Services	ICT temporary staff	15	37.5%	Reduction in requirement for external expertise following negotiation and renewal of ICT contracts
S12	Customer and ICT Services	IT/Customer Support staff - reduction in hours	13	1.8%	Reduction in hours for 3 employees
S13	Planning	Post entry training	4	66.7%	Review of service has deemed there is not a requirement
S14	Housing	Post entry training	4	100.0%	Review of service has deemed there is not a requirement
			488		

Good Housekeeping					
G1	Chief Executive	Expenses, catering and conference/seminars	1	31.3%	Reduction in budgetary requirements for general employee and office requirements (e.g. equipment, conference/seminar costs, catering)
G2	Communications	Equipment hire, repair and purchase, postage	3	28.7%	Reductions in the levels of equipment hire, repair and purchase, postages and general office supplies in the Print Room, Research and Communications
G3	Business Imp. and Partnerships	Performance	5	29.8%	Rationalisation of fees paid for external reviews
G4	Leisure and Cultural	Community Recreation Service Minibus/Van, in service training	3	24.0%	Reduction in contract payments for minibus/van. Requirement for in service training within Leisure Management has reduced

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G5	Operational Services	Administration costs, equipment purchases and rental income	5	33.9%	Reduction in budgetary requirements for equipment purchases and other fees for services. Reduction in budgetary requirement in the Landscape service for equipment purchases. Income from rents of land and open spaces in excess of the budget set for the previous 2 financial years
G6	Operational Services	Improvements, alterations and materials	17	14.3%	Reduction in requirement in Parks, Highways Amenities and Town Centre/Roundabout planting for improvements, alterations and materials. Income from rents of lands and open spaces in excess of the budget set for the 2 previous years
G7	Customer and ICT Services	Books and publications, uniforms and scan coin machines	6	40.0%	Reduction in requirement for books and publications. Uniforms now only required on a rolling basis. Reduction in maintenance costs of scan coin payment machines
G8	Customer and ICT Services	Staffordshire Connects	7	30.4%	Reduction in the 'core team' element of the Councils contribution to Staffordshire Connects
G10	Human Resources	Corporate subscription, long service awards and recruitment	5	25.6%	Corporate subscription previously paid no longer utilised. Reduction in long service awards in line with actual spend in 2013/14. Reduction in recruitment requirements, use of internet/intranet sites to advertise
G11	Finance	VAT advice	2	40.0%	Reduction in usage and contract for VAT advice
G12	Finance	Contribution to SCC	5	100.0%	End of contribution required to be made to SCC re. partnerships and engagement
G13	Revenues and Benefits	Greater recovery of housing benefit overpayments	100	74.1%	Recovery rates from housing benefits overpayments have increased significantly over recent years. Realignment of budget
G14	Assets	CCTV	3	5.6%	Reduction in maintenance costs for CCTV service
G15	Assets	Electricity and cleaning	7	24.9%	Savings made on electricity and contract cleaning regarding commercial properties and Kidsgrove Town Hall
G17	Assets	Civil Contingencies Unit	8	29.6%	Reduction in support provided
G18	Housing	Christmas decorations	4	8.5%	To reflect actual current costs and saving in electricity from revised arrangement
			181		
Better Use of Assets					
B1	Assets	Ryecroft Site	70	100.0%	Demolition of ex-Sainsbury's site - savings in business rates and holding costs
B2	Assets	Sale of Jubilee Baths site	45	100.0%	Revenue savings (business rates, maintenance) from sale of site
			115		

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Alternative Sources of Finance/Other					
C1	Corporate	Business Rates Retention Scheme	450	**	Increase in business rates retainable by the Council as per NNDR1 calculations and the new Local Government financial arrangements introduced on 1st April 2013
C2	Corporate	Funding Review	40	10.0%	Review of grants and contributions given by the Council
C3	Corporate	Council Tax Grant	70	**	New Council Tax Freeze Grant
C4	Corporate	Pericles ICT Development Fund contribution	35	**	2013/14 is the final year of the agreed contribution to the ICT Development Fund following the purchase of the new system
C6	Corporate	Council Tax Base Adjustments	45	**	Adjustments to Council Tax base following provision of new homes (per New Homes Bonus) and Council Tax reforms
C7	Corporate	New Homes Bonus contribution	208	**	Further additional funding to be received in 2014/15 - to be confirmed
			848		
			Grand Total	2,049	
<p>* <i>Unable to determine % at current time</i> **<i>Not applicable</i></p>					