

2018/19 BUDGET PLANNING REPORT FOR SERVICES WITHIN THE REMIT OF CORPORATE SERVICES & PARTNERSHIPS POLICY OVERVIEW COMMITTEE

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REASON FOR ITEM

This is the first opportunity for the Policy Overview Committee to discuss the current stage of development of budget planning work with regard to services within the remit of Corporate Services and Partnerships Policy Overview Committee. This paper gives a strategic context in which the detailed proposals, to be discussed at Policy Overview Committee meetings in January 2018, will need to be considered.

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the financial context in which the 2018/19 budget setting process will take place, in advance of detailed savings proposals being developed and approved at Cabinet in December 2017.

INFORMATION

1. This is the first of two opportunities within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2018/19. The focus of this report is the broader financial position of the Council, alongside signposting major issues within those services within the remit of the Corporate Services Policy Overview Committee. The report, to be considered in January 2018, will set out the detailed budget proposals for the Group, those proposals having been included in the report to Cabinet on the Medium Term Financial Forecast (MTFF) on 14 December 2017.

Corporate Summary

2. While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
3. The budget report to Council in February 2017 identified the savings requirement for 2018/19 as £22.2m, with £5.0m planned drawdown from balances and £1.1m previously developed and approved savings initiatives reducing the remaining budget gap to £16.1m.
4. The announcement of £2.9m additional Social Care funding through the Improved Better Care Fund in March 2016, and an additional £1.6m released from the Council's Collection Fund at outturn following a review of the approach taken to accounting for doubtful debts, further reduces the gap to be managed to approximately £11.6m.
5. In terms of external funding, there is expected to be limited scope for material movement as the Council will enter the third year of the Multi Year Settlement in 2018/19, under the terms of which Revenue Support Grant and baseline levels of funding from Business Rates are

already determined. For locally raised income from Council Tax and Business Rates, taxbase growth projections are based upon a rounded assessment of likely growth and again are therefore expected to provide limited scope to further reduce the budget gap. Beyond 2018/19, the national political context following the EU Referendum and 2017 General Election presents considerable uncertainty, both in terms of Government policy that may impact upon local authorities and specifically the local government finance system.

Strategy to deal with the budget gap

6. The Council remains strongly placed to deal with the challenges ahead. We have a good track record of coming in or under budget each year, and retain balances of £38.7m by the end of 2016/17, although £14.5m of that is expected to be drawn down from 2017/18 to smooth the impact of Government funding reductions. As in previous years, development of savings will fall under five broad themes:

- Service Transformation - capturing the efficiencies delivered through the Council's well established Business Improvement Delivery Programme;
- Effective Procurement - driving best value from both re-letting existing contracts and reviewing models for service delivery where appropriate;
- Income Generation & Commercialisation - reviewing Fees and Charges while maintaining charges at 90% of neighbouring authorities, alongside initiatives to ensure the Council's commercial offer delivers Value for Money to the Council Taxpayer;
- Preventing Demand - initiatives such as the Supported Living Programme where investment in early intervention and other support can avoid more costly intervention at a later date; and
- Zero Based Reviews - a range of projects including line-by-line reviews of 2016/17 outturn to ensure that service budgets reflect current levels of activity.

MTFF process update

7. The timetable for the budget process has been refreshed and the first MTFF sessions with Groups took place during early July, to review the detailed budget proposals developed by each group. Progress on the development and delivery of these proposals will be monitored monthly by Business Transformation Board, HIP Steering Group and the Leader of the Council throughout the remainder of the year.

Timetable for 2016/17 Budget

8. The broad timetable is as follows:

Process	Timetable
Monthly BTB updates (March 2017 to Feb 2018)	Monthly
Zero Based Reviews & Review of 2016/17 Outturn	April - June
MTFF Scoping Sessions - BID & Procurement	June
MTFF Review (1) – 1 st Challenge Sessions	July
Initial Draft MTFF Report to Leader	July

MTFF Review (2) – 2 nd Challenge Sessions	Sept/Early October
Leader review of MTFF	November
Provisional Local Government Finance Settlement	December
Draft MTFF reported to Cabinet	December
POC review of draft Group Plans and budget proposals	January
Final Local Government Finance Settlement	January
Council Tax setting	February

Budget Planning within the remit of Corporate Services Policy Overview Committee

Summary of Key Financial Issues

9. The following information highlights key issues identified in the 2017/18 budget, setting report and subsequent monitoring activity, which will continue to be closely tracked through the 2018/19 budget setting process. At present, there are no specific emerging risks or pressures in relation to those services within the Committee's remit.
10. The 2017/18 budget, approved by Members in February 2017, included £1,025k savings across the Chief Executive's Office and Finance, with a further £1,993k savings from Corporate Services within Residents Services. As of May 2017 (Month 2), these £3,018k savings are reported to be on track to be fully delivered.
11. In addition to this programme of savings, specific contingency items were included in the 2017/18 budget in relation to uninsured claims and the apprenticeship levy. An update on the latest position for each of these contingency items follows.
12. In the case of uninsured claims, the level of contingency provision was set at £291k, a reduction of £50k from 2016/17 to reflect recent experience with additional capacity within a dedicated earmarked reserve to manage any exceptional or high value claims. As of May 2017, no variance is reported against this contingency item.
13. Contingency provision of £559k is held to fund payment of the Apprenticeship Levy, a new charge upon employers introduced by the Government from April 2017 at 0.5% of payroll costs in excess of £3,000k per annum. On the basis of the Council's full-budgeted establishment, the levy cost was estimated at £559k per annum, with actual levy payments now expected to total £381k, delivering a £178k underspend in 2017/18. In the absence of any material increase in the Council's workforce, this level of expenditure is expected to be maintained into 2018/19, reducing the contingency requirement.
14. A cross-cutting saving of £559k was included within the 2017/18 budget in order to off-set the expected cost of the levy, which is being delivered through an on-going review of the Council's approach to the training and use of apprenticeships. As of May 2017, it is expected that this saving will ultimately be delivered in full through greater use of apprenticeships across the organisation.
15. The 2017/18 - 2021/22 Capital Programme, approved by Members in February 2017, included provision for £9,980k investment in the Civic Centre Works Programme, Property

Works Programme and Corporate Technology and Innovation Programme, all fully financed from the Council's own resources. As at Month 2, no variances are reported across these corporate capital programmes.

Next Steps

16. The Medium Term Financial Forecast, setting out the draft revenue budget and capital programme, will be considered by Cabinet on 14 December 2017 and issued for consultation during the remainder of December 2017 and January 2018. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

BACKGROUND PAPERS

The Council's Budget: General Fund Revenue Budget and Capital Programme 2017/18 – reports to Cabinet 16 February 2017 and Council 23 February 2017.