

BUDGET PLANNING REPORT FOR RESIDENTS SERVICES 2018/19

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Contact Officer: Gregory Pike
Telephone: 01895 250562

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 Residents Services. 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 Residents Services budgets. 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

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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;
- 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

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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) – 1st 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 in Residents Services

Summary of Key Financial Issues

- 9 Residents Services (excluding Housing & Education) have identified significant budget savings for 2017/18 totalling £6,072k. At month 2, £824k of these savings were reported as banked, £3,482k as on-track and £1,766k still at early stages.
- 10 The 2017/18 efficiency savings include a review of discretionary budgets across the group, plus a number of BID reviews including Highways/Street Lighting, ICT and Admin & Business support, as reported to this Committee as proposals in January.
- 11 The following information highlights key issues for Residents services 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.
- 12 Waste Disposal Levy & Associated Contracts (£794k increase from 2016/17) - Underlying waste tonnages continue to grow in line with population growth and increasing economic activity is projected to drive on-going increases in the cost of waste disposal, with the latest modelling producing a £794k uplift in the contingency requirement for 2017/18. This movement is driven by projected growth in the West London Waste Authority Levy to reflect both population growth

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and the RPI-uprating of Landfill Tax, although final levy costs will remain subject to confirmation throughout 2017/18. Alongside the levy, there remains a level of risk around the Council's own waste disposal contracts which are expected to remain less expensive than WLWA provision but may vary according to prevailing market conditions.

- 13 High Speed 2 & Heathrow Expansion Challenge Funds (£100k reduction from 2016/17) - This budget includes £200k to meet costs associated with the Council's on-going opposition to the expansion of Heathrow Airport, with a further £100k included to meet costs relating to High Speed 2.
- 14 Where applicable, levels of residents and non-residents fees & charges will be kept under review, in the context of usage and capacity levels. Compliance with the authority's 90% rule will be checked and where applicable realignment will be proposed to stay within the confines of the rule.

Next Steps

- 15 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.

SUGGESTED COMMITTEE ACTIVITY

To consider whether there are suggestions or comments the Committee wish to make.

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.

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