

**BUDGET TARGETS FOR 2018/19**

<b>Report of the:</b>	Head of Financial Services
<b>Contact:</b>	Brendan Bradley, Teresa Wingfield
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	
<b>Annexes/Appendices (attached):</b>	None
<b>Other available papers (not attached):</b>	Budget Targets Report to Strategy & Resources Committee 26 September 2017. Policy Book 2017/18 Medium Term Financial Plan Corporate Plan

**REPORT SUMMARY**

This report informs the Committee of the Council's revenue budget targets presented to the Strategy & Resources Committee. The report seeks support for changes to services and any further guidance on the preparation of the Committee's service estimates for 2018/19 and the following two financial years.

**RECOMMENDATIONS**

That the Committee:

- (1) Notes the implications of the budget targets presented to the Strategy & Resources Committee;
- (2) Supports the changes to services and savings identified in section 3.3 of this report and that these are included within the budget presented to this Committee in January 2018;
- (3) Supports in principle the future savings options as set out in 3.3 of this report for further work and inclusion in the Medium Term Financial Strategy;
- (4) Considers how additional savings can be generated to address the Council-wide funding gaps of £90,000 in 2018/19 as identified in section 3 of this report.

## **1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 The Medium Term Financial Strategy and Efficiency Plan aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.

## **2 Background**

- 2.1 At its meeting on 26 September 2017, the Strategy & Resources Committee will consider the following General Fund budget targets:

- estimates are prepared including options to reduce organisational costs by £588,000 subject to government grant announcement, to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the medium term financial strategy;
- that at least £200,000 additional revenue is generated from an increase in discretionary fees and charges, based on minimum overall increase in yield of 3.0%;
- that a provision for pay award is made of £228,000 that represents an increase to the staffing budget of 1.5%;
- That further savings and efficiencies be identified to address the budget shortfalls of £90,000 in 2018/19, £577,000 in 2019/20 and £791,000 in 2020/21;
- That the Capital Member Group seek to limit schemes included within the capital expenditure programme that enable the retention of agreed minimum level of capital reserves.

## **3 Proposals**

- 3.1 The budget targets outlined above (£588,000) include operational and efficiency savings across the organisation in 2018/19 of £405,000. This Committee has previously agreed savings of £71,000 for 2018/19 and details of these specific savings are listed in para 3.3 – 3.4 below. Efficiency savings and income generation of £16,000 have also been identified by officers in 18/19 making the total savings for this Committee of £87,000.
- 3.2 The delivery of all these savings, will assist the Council in being able to deliver its services in a sustainable way in the future with no reliance on the Council's limited working balances.
- 3.3 The savings for this Committee in 2018/19 are listed below in the following tables. Any known changes to these savings based on recent decisions are also listed below.

<b>Table 1 - Savings agreed in principle for this Committee</b>	<b>2018/19 £'000</b>
Venues Service Review – Ebbisham Centre	52
Issuing Licences for professional users of parks	10
Allotments – self managed	4
Introduce vending in parks	5
<b>Total</b>	<b>71</b>

NB – some of these decisions were made subsequent to last year's budget targets report

This Committee also agreed in principle a number of savings listed below which contribute to the funding shortfall in future years.

<b>Table 2 – Future years savings (Identified from existing lists)</b>	<b>2019/20 £'000</b>
Amalgamation of street care, rangers and downs keepers	77
Vending in parks	5
Reduction in homelessness costs	122
<b>Total</b>	<b>204</b>

- 3.4 Subject to the savings agreed for this Committee in paragraph 3.3 and the discretionary fees and charge increases required from paragraph 2.1, this still leaves the Council with a budget deficit of £90,000 for 2018/19 as reported to Strategy and Resources Committee on 26 September 2017. Further savings are therefore still required by Committees to address the funding gap through:

3.4.1 Efficiency savings – officers will continue to review service delivery to identify any further efficiencies, income streams and economies of scale.

3.4.2 Income generation – The Capital bid process will include schemes that have the potential to generate future income streams for the Council. Income generation savings from properties are also being developed.

3.5 It is proposed that Officers continue to undertake reviews throughout the year and during the budget setting process to help deliver a balanced budget for 2018/19. If necessary, a list of proposals will be presented to members of this Committee with suggestions of how to reduce the Council-wide £90,000 shortfall for 2018/19.

#### **4 Capital**

4.1 The capital programme agreed in February 2017 can be found in the Policy Book 2017/18.

4.2 The capital programme review for 2018-19 is under way. The Capital Member Group will meet this month to review draft bids. However, no new capital receipts have been obtained, therefore any additional bids will need to be funded from reprioritising existing approved schemes.

#### **5 Financial and Manpower Implications**

5.1 Decisions on a pay settlement for April 2018 are not required prior to the budget being agreed however, resource constraints will need to be taken into account in any pay award.

5.2 The financial outlook for 2018/19 and four year plan was detailed in the report - Budget Targets Report to Strategy & Resources Committee 26 September 2017.

5.3 The 2018/19 budget figures will change throughout the budget setting process as managers and accountants review budgets and trends.

5.4 **Chief Finance Officer's comments:** All budget proposals set out in this report are planned for within the Council's MTFS.

#### **6 Legal Implications (including implications for matters relating to equality)**

6.1 The Council will continue to fulfil its statutory obligations on all services provided.

6.1 **Monitoring Officer's comments:** It will be important to ensure that changes to services are implemented in ways which ensure that the Council continues to comply with its statutory obligations. It is also important that changes to fees and charges are implemented in accordance with the relevant statutory procedures.

## **7 Sustainability Policy and Community Safety Implications**

7.1 Any implications will be addressed in the review of service budgets.

## **8 Partnerships**

8.1 Partnership issues will be identified in the preparation of service budgets.

## **9 Risk Assessment**

9.1 Risks will be assessed in the budget review process.

## **10 Conclusion and Recommendations**

10.1 The current budget strategy involves continuing to deliver efficiency savings and generate extra service income whilst reviewing service levels so that service costs can be reduced as needed to achieve a balanced budget year on year.

10.2 This report identifies the impact of the budget targets on this Committee's budget. It also provides an opportunity for the Committee to give guidance on the preparation of the service estimates and savings options for 2018/19 and 2019/20.

10.3 The Committee will receive service estimates on 23 January 2018.

**WARD(S) AFFECTED: (All Wards);**