

**COMMUNITY AND WELLBEING COMMITTEE**  
**8 NOVEMBER 2016**

**BUDGET TARGETS FOR 2017/18**

<u>Report of the:</u>	Chief Accountant (Interim)
<u>Contact:</u>	Brian Thompson
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	
<u>Annexes/Appendices (attached):</u>	None
<u>Other available papers (not attached):</u>	Budget Targets Report to Strategy & Resources Committee 27 September 2016

**REPORT SUMMARY**

**This report informs the Committee of the Council's revenue budgets targets approved by 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 2017/18 and for the next 2 financial years.**

**RECOMMENDATIONS**

**That the Committee:**

- (1) notes the implications of the budget targets approved by 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 2017;**
- (3) supports in principle the future savings options as set out in 3.4 of this report for further work and inclusion in the Medium Term Financial Strategy;**
- (4) endorses the work streams as set out in 3.6 of this report;**
- (5) considers how additional savings can be generated to address the Council-wide funding gap of £220,000 as identified in section 3.8 of this report.**

*Notes*

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#### **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 27 September 2016, the Strategy & Resources Committee approved the following General Fund budget targets for 2017/18 based on the financial requirement within the four year Medium Term Financial Strategy and Efficiency Plan. The targets are as follows:-

- Estimates are prepared including options to reduce organisational costs by £556,000 to minimise the use of working balances and maintain a minimum working balance of £2.5m in accordance with the medium term financial strategy;
- That at least £200,000 in additional revenue is generated from an increase in discretionary fees and charges, based on minimum overall increase in yield of 3% in 2017/18;
- That a provision for 2017/18 pay award is made of £180,000 which represents 1% pay increase and 0.6% progression;
- That further efficiencies be identified to address the budget shortfalls of £220,000 in 2017/18, £374,000 in 2018/19 and £688,000 in 2019/20;
- That the Capital Member Group seeks to limit schemes included within the capital expenditure programme that enable the retention of agreed minimum level of capital reserves.

#### **3 Budget Savings to meet the targets for this Committee**

- 3.1 The budget targets outlined above include operational and efficiency savings across the organisation in 2017/18 of £556,000. This Committee has previously agreed savings of £149,000 for 2017/18 and details of the £134,000 savings are listed in para 3.3 – 3.5 below. Efficiency savings and income generation of £24,000 have also been identified by Officers in 2017/18 making the total savings for this Committee £158,000. The Committee is to note that the savings required for the Council wide shortfall of £220,000 in 2017/18 is in addition to the savings detailed in this report.
- 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 2017/18 are listed below in the following tables. Any known changes to these savings based on recent decisions are also listed below.

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<b>Table 1 - Savings agreed in principle</b> <b>(based on the 2016/17 savings list agreed for this Committee)</b>	<b>2017/18</b> <b>£'000</b>
Issuing of licences for professional park use	10
Introduce vending in parks	5
Venues service review	64
Rental income from South Street*	21
Rental income from Blenheim*	34
<b>Total</b>	<b>134</b>

\*These decisions were made subsequent to last year's budget targets report

- 3.4 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</b> <b>(identified from 2016/17 lists)</b>	<b>2018/19</b> <b>£'000</b>	<b>2019/20</b> <b>£'000</b>
Allotments – self management	4	
Amalgamation of street care, rangers and downs keepers		77
Vending in parks	5	5
<b>Total</b>	<b>9</b>	<b>82</b>

- 3.5 The Committee should note that £24,000 of operational efficiency and income generation proposals for 2017/18 are also built into the 2017/18 budget.
- 3.6 In addition to the savings identified above, the Committee endorsed the future work streams below which are essentially existing service reviews which will assist in the identification of current and future savings, and additional income generation:

3.6.1 Blenheim Road Flat Refurbishment

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#### 3.6.2 Private Sector Leasing Scheme for Housing

#### 3.6.3 Creation of café facilities and charging for car park use at Horton Country Park

- 3.7 Subject to the savings agreed for this Committee in paragraphs 3.3 and 3.4 and the discretionary fees and charges increases required from paragraph 2.1, this still leaves the Council with a budget deficit of £220,000 for 2017/18 as reported to Strategy and Resources Committee on 27 September 2016. Further savings are therefore still required by Committees to address the funding gap through:

3.7.1 Continued Service reviews – In addition to the venues review we will also be looking at Venues car parks through the Car Park Working Group for ways to increase income and reduce costs.

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

3.7.3 Income generation – The Capital bid process will include schemes that have the potential to generate future income streams for the Council.

- 3.8 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 2017/18. If necessary a list of proposals will be presented to members of this Committee with suggestions of how to reduce the Council-wide £220,000 shortfall.

## **4 Capital**

- 4.1 The capital programme agreed in February 2016 can be found in the Policy Book 2016/17.
- 4.2 The total of capital schemes approved is £3.4m; £2.38m for schemes brought forward and £1.03m for new schemes in 2016/17.
- 4.3 The capital programme review for 2017-2018 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 **Chief Financial Officer's comments:** Decisions on a pay settlement for April 2017 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 2017/18 and four year plan was detailed in the report - Budget Targets Report to Strategy & Resources Committee 27 September 2016.

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- 5.3 The 2017/18 budget figures will change throughout the budget setting process as managers and Accountants review budgets and trends.

**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.
- 6.2 ***Monitoring Officer's comments:*** It will be particularly 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 important that changes to fees and charges are implemented in accordance with the relevant statutory procedures.

**7 Partnerships**

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

**8 Risk Assessment**

- 8.1 The Financial Plan includes an assessment of the main financial risks faced by the Council, along with measures to help manage those risks.

**9 Conclusion and Recommendations**

- 9.1 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.
- 9.2 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 2017/18 and 2018/19 to 2019/20.
- 9.3 The Committee will receive service estimates on 24 January 2017.

**WARD(S) AFFECTED:**