



SCRUTINY COMMITTEE

BURNLEY TOWN HALL

Wednesday, 13th September, 2017 at
6.30 pm

SUPPLEMENTARY AGENDA

11) *Revenue Budgets 2018/2021 - Latest Position and Savings Proposals* 3 - 12

To receive a report detailing the latest position with regard to savings proposals and balancing the Council's budget for 2018 to 2021.

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REPORT TO THE EXECUTIVE



DATE	19th September 2017
PORTFOLIO	Resources and Performance Management
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Revenue Budgets 2018/2021 – Latest Position and Savings Proposals

PURPOSE

1. To update the Executive on the latest position regarding balancing the Council's 2018/21 revenue budgets.
2. To outline proposed savings for recommendation to Full Council.

RECOMMENDATION

3. Executive are asked to recommend to Full Council approval to
 - a) savings approved at Full Council in September 2016 totalling £0.613m (see paragraph 10 below) to assist in balancing the 2018/19 and 2019/20 revenue budgets - see Appendix 1
 - b) proposed savings totalling £1.436m to assist in balancing the 2018/19, 2019/20 and 2020/21 revenue budgets - see Appendix 1

REASONS FOR RECOMMENDATION

4. To progress the preparation of the Council's 2018/21 revenue budgets.

SUMMARY OF KEY POINTS

5. **Background**

The Council's Medium-Term Financial Strategy (MTFS) is regularly assessed and updated to provide an indication of budget pressures over the next three financial years. The 2018/21 strategy was approved at the meeting of Full Council on 22nd February 2017 and indicated that the cumulative budget gap for 2018/19, 2019/20 and 2020/21 was estimated to be £4.0m, equivalent to 27.5% of the 2017/18 net revenue budget.

6. Members will recall that a report on the MTFs was considered and approved by the Executive in July 2016. This report was approved as the Council’s financial plan – “Creating a Sustainable Future” - and is intended to develop a long term financially balanced framework for the Council. It is also the Council’s four-year efficiency plan which fulfils the Government’s requirements for securing a four-year Revenue Support Grant settlement.

7. **Creating a Sustainable Future for the period 2018/21**

The Council’s financial plan considers the national and regional context and the need to re-balance the economy. However, at the heart of the Council’s financial planning is a savings plan aligned to strategic intent. In considering opportunities for future savings, four strategic themes have been considered:

- i) Service transformation and digitisation – continuing the transformational change programme in the delivery of services to customers through greater use of self-serve and web-enabled technology and modernising systems and processes
- ii) Empowerment – the way in which people work together in managing Council services with effective risk mitigation within an empowered autonomous structure and a flexible scheme of delegation that supports a one-team approach
- iii) Commercial risk appetite – developing new innovative ways of raising revenue and strengthening commercial partnerships
- iv) Needs and priorities – consideration of the appropriateness of the service offer to the Borough’s residents and aligning this to the Council’s strategic vision

8. Since the 2018/21 strategy was approved at the meeting of Full Council on 22nd February 2017 the budget gap has decreased by £0.2m to £3.8m. The table below summarises the latest MTFs position.

MTFS	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Funding	1.0	0.7	0.7	2.4
Continuation estimate	0	0.3	0.3	0.6
LCC Cost Share Agreement	0.8	0	0	0.8
Budget Gap	1.8	1.0	1.0	3.8
% Net Revenue Budget	12%	7%	8%	

9. The assumptions underpinning the MTFs are:

- i) Council tax will increase by 1.9% each year
- ii) No increase has been factored in for inflationary changes in Council tax base, business rates or new homes bonus from the 2017/18 baselines
- iii) Pay award has been assumed at 1% per annum, fees and charges at 2% per annum
- iv) No changes have been assumed regarding changes in Council tax support claimant numbers

- v) The MTFS/Efficiency Plan has been approved by the Department of Communities and Local Government and Revenue Support Grant has been secured as follows:

2018/19 £2.2m
2019/20 £1.6m

- vi) Reductions in Revenue Support Grant for 2020/21 will be in line with recent reductions

10. **Savings Proposals**

Appendix 1 shows details of proposed total net savings of £1.436m - £1.246m for 2018/19, £0.138m for 2019/20 and £0.052m for 2020/21. The savings for 2018/19 include £0.325m of proposed reductions in posts, which are subject to formal consultation, although the Council will seek to minimise redundancies wherever possible. A further report will be brought back following the consultation process to obtain approval for the specific posts to be deleted. In addition, £0.620m of savings were approved at Full Council on 28th September 2016. This has subsequently been reduced to £0.613m, due to the downward revision of the 3% efficiency saving on the Burnley Leisure annual service charge by £7k, - £0.437m for 2018/19 and £0.176m for 2019/20. Total savings identified for 2018/19 to 2020/21 will therefore be £2.049m.

11. All of the proposals have been assessed in relation to equalities legislation, and it has been established that there is no disproportionate impact on people with protected characteristics.

12. **Latest 2018/21 Revenue Budgets Position**

It can be seen in the table at paragraph 9 above that there is an overall savings requirement of £3.810m over the period 2018/21. The savings recommended for approval in Appendix 1 total £1.436m which would require a further £0.084m to find for 2018/19. This, together with the £0.613m of savings already approved, leaves a balance of savings required over the period 2018/21 at this stage of £1.761m - £0.084m for 2018/19, £0.655m for 2019/20 and £1.022m for 2020/21. Proposals to meet the 2018/19 balance of savings required will be taken to Full Council for approval in February 2018.

13. **Risks**

- a) Funding changes – Confirmation of the Government settlement for 2018/21 are awaited. There is also currently a consultation exercise relating to proposed changes in the business rates system.
- b) Capital projects – any projects under consideration require funding. If there is a shortfall in capital finance for these projects then pursuing them and using borrowing will significantly increase the revenue budget. The revenue implications will be considered as part of the monitoring of the Capital Programme.
- c) Budget preparation – The preparation of the 2018/19 continuation budgets is currently being undertaken. Issues may arise from the exercise that could have an impact on the 2018/19 budget and future years.

- d) Public demand on commercial risks – A significant element of the savings proposals have arisen in response to the change in the Council's commercial risk appetite. This will be closely monitored during the year to ensure that targets are being achieved.
- e) Public sector pay – Pay rises have effectively been capped at 1% since 2013 for many public sector workers. The current Government has indicated it may be willing to review this. This could challenge the underlying pay assumptions of the MTFS.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

14. As shown in the body of the report and appendices.

POLICY IMPLICATIONS

15. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.

DETAILS OF CONSULTATION

16. Scrutiny Committee.

BACKGROUND PAPERS

17. None

FURTHER INFORMATION PLEASE CONTACT:

Asad Mushtaq - Head of Finance

ALSO:

**Howard Hamilton-Smith – Finance & Commercial
Manager**

	2018/19 £'000	2019/20 £'000	2020/21 £'000	TOTAL £'000
Original budget gap	1,995	977	1,044	4,016
Adjustments identified since approval	(228)	(8)	30	(206)
Revised budget gap (a)	1,767	969	1,074	3,810
Savings Approved				
Full Council September 2016	437	176	-	613
	437	176	-	613
Proposed Savings (see below)				
Service Transformation	132	-	-	132
Empowerment	293	-	-	293
Commercial Risk Appetite	741	109	52	902
Needs Led	80	29	-	109
	1,246	138	52	1,436
Total Savings (b)	1,683	314	52	2,049
Remaining Budget Gap - Savings to be identified (a-b)				
	84	655	1,022	1,761
Savings carried forward to 2019/20	-	-	-	-
Remaining Budget Gap - Savings to be identified	84	655	1,022	1,761
Proposed Savings (detail)				
Service Transformation				
Reductions in Staffing	132	-	-	132
	132	-	-	132
Empowerment				
Additional Self Build New Burdens Funding utilised 2018/19 to 2020/21	27	-	-	27
Bring Housing Emergency Works in-house	20	-	-	20
Utilise 3 year DCLG funding to resource the Council's temporary accommodation spend	50	-	-	50
20% reduction in People & Development operational budgets	3	-	-	3
Reductions in Staffing	193	-	-	193
	293	-	-	293
Commercial Risk Appetite				
Business Support Team - income generation/external funding	15	-	-	15
CCTV Shared Service operational savings	50	-	-	50
Introduce chargeable commercial waste	20	40	-	60
Increased take-up of garden waste service	30	-	-	30
Thompson Park car parking charges	-	14	-	14
Thompson Park NDR saving	-	3	-	3
Increase DFG and emergency works grant fees	20	-	-	20
Further increase Graphics income target	2	2	2	6
Corporate insurances	42	-	-	42
Pension Contributions - 3 year advance payment of deficit (17/18 to 19/20)	72	-	-	72
Pension Contributions - 1 year advance payment of future contributions	20	-	-	20
Expiry of contribution to Growth Deal	200	-	-	200
Increase in Council tax base	50	50	50	150
Increase in in-year adjustments/savings and increased income (from £100k)	150	-	-	150
Planning Fee increase of 20%	70	-	-	70
	741	109	52	902
Needs Led				
Economic Development subscription and grants	18	-	-	18
Local Plan Review budget	13	-	-	13
Delete Legal agency budget	-	24	-	24
Review of property function	15	5	-	20
Pensions increase budget adjustment	34	-	-	34
	80	29	-	109
Total Savings Proposals	1,246	138	52	1,436

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APPENDIX TWO - SUMMARY OF EQUALITY IMPACT ASSESSMENT

SAVINGS PROPOSALS 2018/19 – 2020/21

1.	Title of EIA	Equality Impact Assessment – Savings Proposals in terms of their impact on services 2018/19 – 2020/21
2.	Person responsible for the assessment	Mike Waite
3.	Contact details	01282 477198 mwaite@burnley.gov.uk
4.	Date of assessment	September 2017

An equality impact assessment has been carried out in respect of the proposals now presented. This document summarises the results of this work. A further equality impact assessment in relation to the impact of the detailed proposals on the workforce will be presented to a future meeting of the Executive, once these are drawn up, and before decision making on that issue.

The outcome of this equality impact assessment is that all proposals being currently considered for savings in 2018/19 – 2020/21 are neutral in terms of their impact on people with protected characteristics under equalities legislation.

OBJECTIVE

1.	What is the main purpose of the project?	To set a budget for the council in 2018/19 in line with the agreed Medium Term Financial Strategy; which responds to the financial challenges facing the council; which enables the council to continue focussing on agreed priorities.
2.	Who are the main stakeholders?	Stakeholder analysis showed that the main stakeholders are Burnley Council's: <ul style="list-style-type: none">• Service users• Residents/Council tax payers/Business rates payers• Councillors; and• Council employees.

3.	How are they expected to benefit?	Through the council ensuring a sustainable future for its services through good financial management and transparent decision making to determine priorities.
4.	How will the change be implemented?	The budget will be agreed through decision making structures and processes in line with the council constitution. The agreed budget and changes to services / funding agreements etc. will be implemented through the council's activity in 2018/19.
6.	Is the responsibility for the proposed function shared with another department or authority or organisation?	The decisions on council budget rest with the council. In some cases, there are implications for other agencies and organisations. In these cases, the agencies and organisations have been informed.

A. DATA COLLECTION

1.	Approach and background to EIA analysis, including data collection	Budget proposals drawn up by service managers.
2.	What monitoring data do you have on the number of people (from different equality groups) who are using and could be impacted upon by the change in function?	Various data sources are held, including: <ul style="list-style-type: none"> • Analysis of workforce profile • Analysis of users of Contact Burnley; • Census data.

B. COMMUNICATION AND INVOLVEMENT

1.	What information has assisted in completing this EIA?	Guidance including information contained on the Equalities and Human Rights Commission website has been considered.
2.	What communications activities have assisted in completing this EIA?	There has been prior consultation on the principles underlying the council's Medium Term Financial Strategy, and comments from that consultation have been considered during the EIA work.

Group	Area/s of impact	Positive impact	Negative impact – specified as high, medium or low	Neutral impact	Reason
Age	All areas of impact ¹			✓	All impacts in respect of people in this group were identified as neutral.
Disability	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Gender reassignment	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Marriage and civil partnership	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Pregnancy / and maternity	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Race	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Religion and belief	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Sex (gender)	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.
Sexual orientation	All areas of impact			✓	All impacts in respect of people in this group were identified as neutral.

¹ 'All areas of impact' refers to the detailed list of proposed savings set out as Appendix One to this report.

Equality impact assessment action plan

A review of implementation plans and actual implementation of the budget proposals will be carried out by the author of this report in March 2018 and in September 2018.