

Report To:	Overview & Scrutiny Committee	Date:	9 th February, 2017
Heading:	GENERAL FUND REVENUE BUDGET 2017/18		
Portfolio Holder:	CORPORATE SERVICES		
Ward/s:	ALL		
Key Decision:	No		
Subject To Call-In:	No		

Purpose Of Report

- For the Committee to understand the national financial context in which the Council must set its budget for 2017/18.
- For the Committee to consider the proposals to set a balanced General Fund Revenue Budget in 2017/18.

Recommendation(s)

- That the Committee note the Provisional Local Government Financial Settlement and its consequences for Ashfield.
- That the Committee consider the proposals, and make appropriate suggestions for Cabinet to consider.

Reasons For Recommendation(s)

In order to allow input to the budget from a cross-party committee.

Alternative Options Considered (With Reasons Why Not Adopted)

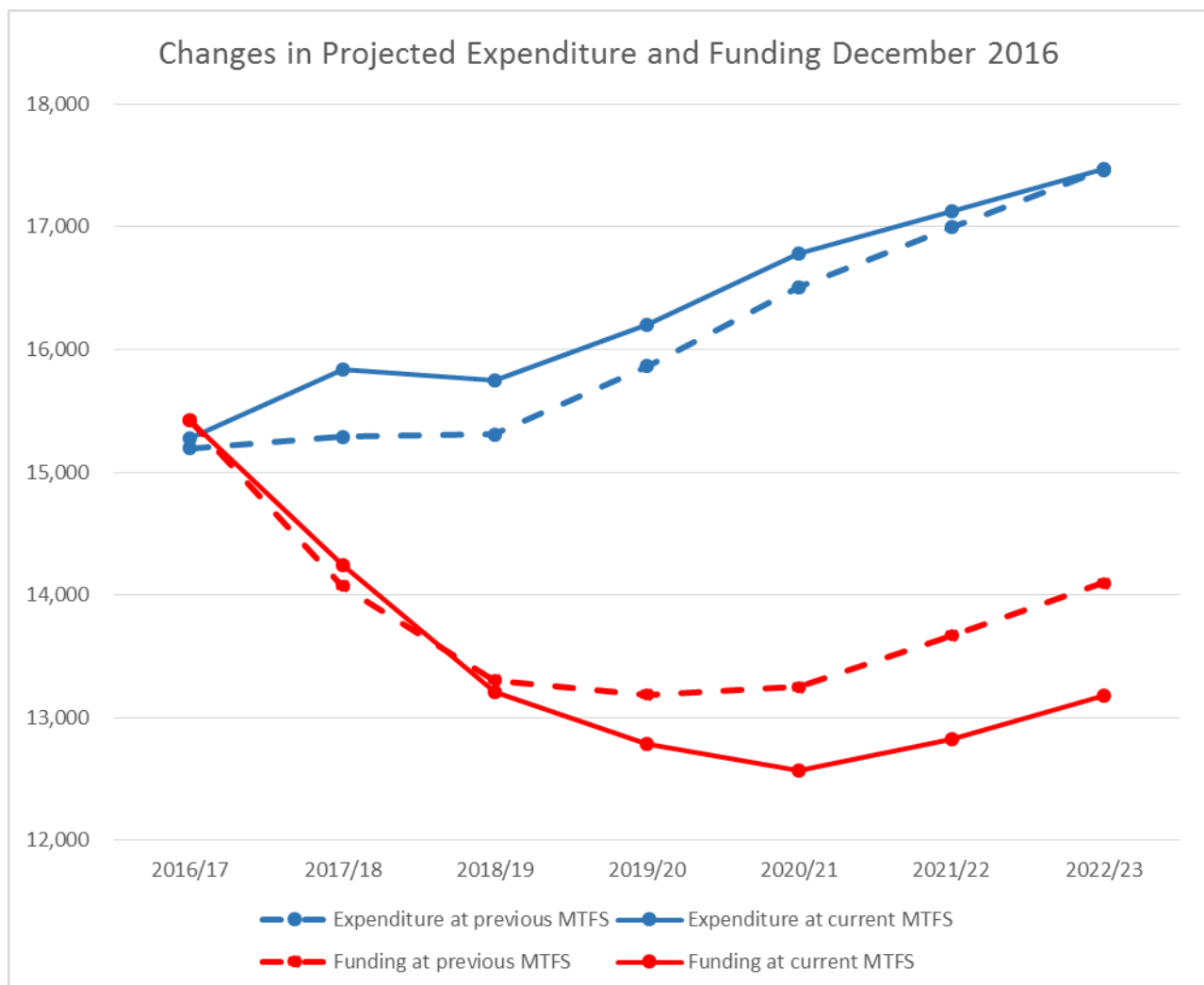
Not applicable.

Detailed Information

5. BACKGROUND

- 5.1 In February 2016 Cabinet agreed a revised Medium Term Financial Strategy (MTFS) which established savings targets on £670k per year from 2017/18 to 2021/22. The MTFS always takes a five year view of the Council's finances and recommends equal savings targets, because this gives the maximum scope to change the strategy if Central Government policy changes. From the experiences of the 2010-2016 period, Government policy has changed on many occasions.

- 5.2 In December 2016, the Government released details of the Provisional Financial Settlement for local authorities for 2017/18.
- 5.3 A key change of policy have impacted on Ashfield (and all other shire district councils) in a way which worsens the Council's forward financial forecasting:
- 5.4 New Homes Bonus, which was introduced in 2011 as a six-year reward pro rata to the number of new houses built in a local authority area, will be reduced to a five year reward (2017/18) and then a four year award (2018/19 onwards). The Council had been assuming that, within these new rules, it would at least be rewarded for all of the houses which it allowed to be built within the district. However, the Government has announced that it will now only distribute New Homes Bonus grant based upon any building above the first 0.4% of new homes. As Ashfield usually adds around 0.9% of new homes to the stock (on average around 500 per year), this grant has been effectively cut in half (£2 million down to £1 million)
- 5.5 Also in December 2016 the County Council communicated the results of the triennial valuation of the Nottinghamshire Superannuation Fund which it administers. It has informed Ashfield that significant increases will be required in the Employers' contribution to this fund, based upon the need to fully fund the scheme in the future. Cumulatively, this has added around £2 million of expenditure over the years shown in the chart below.



- 5.6 The position as set out above is expected to be confirmed in early February, although the District Councils Network has lobbied for a less sharp reduction in New Homes Bonus.
- 5.7 Taking into account an appropriate use of reserves, a revised savings target of approximately £800k to £900k per year is now considered a more realistic target.
- 5.8 The MTFs report detailed that the Council would be looking to
- Develop its Commercial Enterprise Strategy and generate additional income where possible, and
 - Continue to make its services more efficient

This type of approach has achieved £7 million of savings since 2011.

- 5.9 A range of General Fund savings with a value of £820k (£1,005k in a full year) have either been agreed by Cabinet or will be proposed in the Budget report. These savings are summarised below.

5.10 Developing the Commercial Enterprise Strategy and Generating Income

As well as the co-location initiatives which were reported last year, a number of other commercial initiatives have been developed to such an extent that they can now form part of the Council Budget Strategy. A recycling scheme will be introduced for Trade Waste, with residual and recyclable waste being collected on alternate weeks, resulting in an increased margin for this service. Building Control and Legal Services plan to charge for work undertaken for businesses which is currently free, and Pest Control will continue to develop commercial markets.

5.11 Improve the Efficiency of Services

Most of the Council's services have been reviewed over the last six years, and this process will continue as the Council seeks ways in which their efficiency and effectiveness may be improved. Often this will involve the deployment of improved IT, and also the skills required within the team will be reviewed to ensure that they are the right attributes to meet the future requirements of that service.

A wide range of service reviews is currently being progressed, to ensure that services are fit for purpose and that any duplication between services has been eliminated.

Members' Allowances were reviewed in July 2016, and the savings from the closure of Ashfield Homes were reported in April 2016. The detail of those savings has now been confirmed in the Council's budget.

Proposals around Cash Collection, Huthwaite Leisure Centre, Glass Collection and Selston Golf Course received strong support from residents in the budget consultation in Autumn 2016, and were all reported in detail at Cabinet in January 2017.

In addition, and because of the increased savings targets now required, reductions to the environmental work managed by the area committees is proposed. Sponsorship will be sought for Christmas Lights and Events, which has been successful in some other areas.

The Council has made important strides towards a strong approach to Equality, meeting the "Achieving" standard, and is now proposing a reduction in the bespoke support it receives in this area.

Savings can be made by using agency staff to undertake seasonal work, rather than short-term appointments, and therefore this efficiency is being proposed.

The Chief Executive will review the structure of the Corporate Leadership Team, and devise proposals for a £100k saving. One director post within this team is currently vacant.

5.12 A full listing of these savings proposals is given in the table on the next page. For completeness, savings to the Housing Revenue Account (HRA) are also shown.

Proposed Savings 2017/18 and 2018/19	General Fund		GF Total saving (£ 000s)	HRA		HRA Total saving (£ 000s)
	17/18 (£ 000s)	18/19 (£ 000s)		17/18 (£ 000s)	18/19 (£ 000s)	
Further Development of the Commercial Enterprise Strategy, and other Income Generation						
Rental of office space to DWP	28	27	55	0	0	0
Rental of office space to Notts Police	3	0	3	0	0	0
Installation of solar PVs at depot	2	0	2	0	0	
Fees and Charges Review	11	0	11	0	0	0
Legal Services - potential charge for EIR requests	20	0	20	0	0	0
Trade Waste Recycling proposal - margin release	50	0	50	0	0	0
Building Control - Range of new charges	13	0	13	0	0	0
Environmental Health - pre-inspection visits	5	0	5	0	0	0
Pest Control - further income growth / cost reduction	10	0	10	0	0	0
SUB-TOTAL	142	27	169	0	0	0
Service Efficiencies						
Review of Members' Allowances	25	0	25	0	0	0
Savings from closure of AHL	200	0	200	300	0	300
Council Tax and Business Rates E Billing	20	0	20	0	0	0
Cash Collection	32	32	64	14	14	28
Leisure Review - Huthwaite Leisure Centre	53	27	80	0	0	0
Glass Collection proposal	24	26	50	0	0	0
Review of Selston Golf Course	35	35	70	0	0	0
Service Reviews	128	0	128	0	0	0
Reduction in Area Committee Environmental budgets	14	0	14	0	0	0
Review of Christmas Lights and events - initiative to increase sponsorship	10	31	41	0	0	0
Cessation of Equalities service provision from MDC	6	7	13	0	0	0
Environment Seasonal Working - Use of Agency staff rather than fixed term contracts	41	0	41	0	0	0
Corporate Structure Review	90	0	90	10	0	10
SUB-TOTAL	678	158	836	324	14	338
TOTAL SAVINGS	820	185	1005	324	14	338

5.13 Next Steps

Further possible savings areas are being explored, with a view to increasing the value of the savings and the additional income with further initiatives. Appropriate reports will be presented to Cabinet throughout 2017/18. The Council's MTFS will be updated later this month.

5.14 Council Tax

District Councils are limited to a maximum increase of £5 and Band D. Any proposal to increase Council Tax by more than this would trigger a referendum.

This increase would be equivalent to £3.33 at Band A, or around 6 pence per week.

A £5 increase at Band D (2.85% overall) would generate the Council £163k additional income, as opposed to no increase. The MTFS assumes this level of increase from 2017/18 to 2019/20.

Implications

Corporate Plan:

The Medium Term Financial Strategy, of which these budget proposals form a part, underpins all of the objectives of the Corporate Plan.

Legal:

It is a legal requirement to set a budget by 11 March each year. Following consideration by Overview and Scrutiny Committee, these proposals will be considered by Cabinet on 20 February 2017.

Finance:

As set out in the report.

This report is for consideration for the 2017/18 budget and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	As set out in the report.
General Fund – Capital Programme	As set out in the report.
Housing Revenue Account – Revenue Budget	As set out in the report.
Housing Revenue Account – Capital Programme	As set out in the report.

Human Resources / Equality and Diversity:

Where a service is to be reviewed, staff will be involved in any proposed changes, in accordance with the Council's HR Policies and Procedures.

Where appropriate, Equality Impact Assessments will be undertaken. There are no plans to change any front line services.

Other Implications:

None.

Reason(s) for Urgency (if applicable):

Not applicable.

Background Papers

Draft Local Government Financial Settlement details from Government web site.

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