

## **BUDGET 2016/17: REVIEW OF SERVICE DASHBOARDS AND SERVICE CHANGE IMPACT ASSESSMENTS (SCIAS)**

### **Housing and Health Advisory Committee – 22 September 2015**

Report of	Chief Finance Officer
Status:	For Decision
Also considered by:	Economic and Community Development Advisory Committee – 24 September 2015 Direct and Trading Advisory Committee – 6 October 2015 Legal and Democratic Services Advisory Committee – 8 October 2015 Planning Advisory Committee – 13 October 2015 Finance Advisory Committee – 17 November 2015 Policy and Performance Advisory Committee – 26 November 2015
Key Decision:	No

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**Executive Summary:** This report sets out updates to the 2016/17 budget within the existing framework of the 10-year budget and savings plan. The report presents proposals that have been identified which need to be considered, together with further suggestions made by the Advisory Committees, before finalising the budget for 2016/17.

Informed by the latest information from Government and discussions with Cabinet, it is proposed that from next year the Council sets a budget which assumes no funding from Government through the Revenue Support Grant. This is the first major step taken towards the Council's ambition to be financially self-sufficient as set out in its Corporate Plan.

To achieve this aim and to ensure a balanced budget position over the next 10 year period, whilst also increasing the Council's ability to be sustainable beyond that time, a savings requirement of £500,000 in 2016/17 is required, along with additional income or savings of £100,000 in each of the following nine years.

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<b>Portfolio Holder</b>	Cllr. Searles
<b>Contact Officer(s)</b>	Adrian Rowbotham Ext. 7153 Helen Martin Ext. 7483

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**Recommendation to each Advisory Committee:**

- (a) Advise Cabinet with views on the growth and savings proposals identified in Appendix D applicable to this Advisory Committee.
- (b) Advise Cabinet with further suggestions for growth and savings.

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**Reason for recommendation:** It is important that the views of the Advisory Committees are taken into account in the budget process to ensure that the Council's resources are used in the most suitable manner.

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**Introduction and Background**

- 1 The Council's financial strategy over the past eleven years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
  - implementing efficiency initiatives;
  - significantly reducing the back office function;
  - improved value for money;
  - maximising external income;
  - the movement of resources away from low priority services; and
  - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves.
- 3 Due to the level of funding and other potential changes and uncertainties, it is increasingly difficult to anticipate with sufficient accuracy what the level of Government settlement is likely to be. However, using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that it is likely that more accurate data will become available in future months and current assumptions may need to be updated.
- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 With the amount of Revenue Support Grant provided by Government continuing to reduce at a significant rate it is important that the council aims to become more financially self-sufficient by having a balanced economy and a financial strategy that is focused on local solutions. These solutions include:

- a) continuing to deliver financial savings and service efficiencies;
  - b) growing the council tax base; and
  - c) generating more income.
- 6 The intention of this report is to provide Members of each Advisory Committee an opportunity to give their views on potential growth and savings items that could be included in the updated 10-year budget that will be presented to Council on 16 February 2016.
- 7 The 'Financial Prospects and Budget Strategy 2016/17 and Beyond' report has been presented to Cabinet to start the budget setting process for the coming year.
- 8 This report presents members with the following documents relating to the budget for 2016/17:
- a) Service Dashboards relating to the Advisory Committee (Appendix A);
  - b) 2015/16 Budget by Service relating to the Advisory Committee (Appendix B);
  - c) Summary of the Council's agreed savings plan and growth items (Appendix C);
  - d) New growth and savings items proposed (Appendix D);
  - e) Service Change Impact Assessment forms (SCIAs) for the new growth and savings items relating to the Advisory Committee – if applicable (Appendix E);
  - f) 10-year budget (Appendix F);
  - g) Budget timetable (Appendix G).

### **Financial Self-Sufficiency**

- 9 The Council's Corporate Plan, introduced in 2013, set out an ambition for the Council to become financially self-sufficient. This would mean the Council no longer required direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.
- 10 This approach was adopted in response to the financial challenges the Country is faced with in bringing its public spending down to ensure it is able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council seeing a 32% reduction in its funding from government in 2015/16 alone.
- 11 The decision to become financially self-sufficient is intended to give the Council greater control over their services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 12 The 10-year budget attached at Appendix F assumes no Revenue Support Grant from 2016/17 and no New Homes Bonus from 2019/20. If funding continues to be received from these sources, the intention is to put it into the Financial Plan Reserve which can be used to support the 10-year budget by funding invest to

save initiatives and support for the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve returns of 6%; therefore using funding for this purpose will result in additional year on year income that is not impacted by Government decisions.

- 13 Cabinet are keen to become financially self-sufficient early to be ahead of the game and after reviewing the assumptions in the 10-year budget it is clear that it is an achievable aim to be free from Government control and be able to move ahead in the knowledge that this council has the financial resources to provide the services that the district's residents want into the future.

### **Service Dashboards**

- 14 This is a new document as it is the intention to provide Members with improved information during the budget setting process to provide context and inform any growth and savings ideas that Members may put forward.
- 15 The Service Dashboards cover a summary of the services provided, objectives, challenges and risks, achievements and opportunities, priorities and performance.
- 16 Appendix A contains the Service Dashboards for those services directly relevant to this Advisory Committee and Appendix B contains the budget for those services.

### **Savings Plan**

- 17 Appendix C to this report sets out a summary of the savings and growth items approved by Council since the 10-year budget strategy was first used in 2011/12, which have allowed the Council to deliver a 10 year balanced budget.
- 18 The savings plan requires a total of £5.3 million to be saved between 2011/12 and 2016/17 which is an average saving of nearly £900,000 per annum. In the twelve years from 2005/06, over £10m of savings will then have been made.
- 19 Further savings are scheduled to be made in later years as previously agreed by Council.

### **Proposed Growth Items**

- 20 Growth items are items that are in addition to non-service issues and risks, such as grant settlements, impacts of economic change and other pressures highlighted in the 'Financial Prospects and Budget Strategy 2016/17 and Beyond' report considered by Cabinet on 17 September 2015.

- 21 A list of the growth items proposed can be found in Appendix D and a summary by Advisory Committee is shown in the following table:

<b>Advisory Committee</b>	<b>Annual impact £000</b>	<b>10-year budget impact £000</b>
Direct and Trading	36	360
Economic and Community Development	39	390
Finance	55	550
Housing and Health	-	-
Legal and Democratic Services	40	400
Planning	-	-
Policy and Performance	-	-
<b>Total</b>	<b>170</b>	<b>1,700</b>

- 22 In addition, the growth item for making the staffing establishment levels permanent in the Economic Development and Property Team (SCIA1) is included in the 'New Growth' line on the 10-Year Budget.

### **Proposed Savings Items**

- 23 A number of savings items are also being proposed which can also be found in Appendix D and a summary by Advisory Committee is shown in the following table:

<b>Advisory Committee</b>	<b>Annual impact £000</b>	<b>10-year budget impact £000</b>
Direct and Trading	(15)	(75)
Economic and Community Development	(10)	(100)
Finance	(233)	(2,330)
Housing and Health	(40)	(400)
Legal and Democratic Services	-	-
Planning	(20)	(200)
Policy and Performance	(300)	(3,000)
<b>Total</b>	<b>(618)</b>	<b>(6,105)</b>

- 24 Service Change Impact Assessments (SCIAs) contain further details for all proposed growth and savings items. SCIAs applicable to this Advisory Committee can be found in Appendix E.

- 25 Members should note that even if all of the growth and savings proposals included in Appendix D are agreed, further savings will still need to be identified to reach the £500,000 target.

### **Financial Summary**

- 26 It is increasingly difficult to produce an accurate forecast at this early stage due to the level of uncertainty, in particular for Government Support. The assumptions currently included take into account the latest information available but a number of assumptions may change before the final budget meeting in February 2015.
- 27 The 10-year budget attached at Appendix E includes the changes that were included in the 'Financial Prospects and Budget Strategy 2016/17 and Beyond' report.

### **Role of the Advisory Committees**

- 28 Views of the Advisory Committees on the growth and savings items proposed together with any additional suggestions will be considered by Cabinet at its meeting on 3 December 2015.
- 29 To assist the Advisory Committees in making additional suggestions, a number of questions will be asked and Members will be requested to write their answers on post-it notes and put on the relevant board.
- 30 The questions that Members will be asked at the Advisory Committees are:
- a) What services should the Council invest more in?
  - b) What services should the Council disinvest from?
  - c) What services work well?
  - d) What services don't work well?
  - e) What issues would you like Cabinet to take into account?
- 31 Officers will summarise the answers before the Committee decides on suggestions to be recommended to Cabinet. The focus of the answers and recommendations should be on the services within the terms of reference of the Advisory Committee however, comments relating to other services will also be passed onto Cabinet.

### **Process and Timetable**

- 32 This report is the second stage of the budget process as shown in the Budget Timetable (Appendix G).
- 33 It is possible that Advisory Committees may have to re-address service budgets in January if significant changes have taken place leading to a large and unmanageable deficit.

## **Key Implications**

### Financial

All financial implications are covered elsewhere in this report.

### Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered.

Challenges and risks are included in the Service Dashboards and each Service Change Impact Assessment (SCIA) includes the likely impacts including a risk analysis.

Financial risks will be reviewed again when the Cabinet publishes its proposals for the annual budget.

### Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and varies between groups of people.

Equality impacts have been assessed for all Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent.

## **Conclusions**

The Strategic Financial and Business Planning process has ensured that the Council follows a logical and well considered process and approach in dealing with the many difficult financial challenges which it has faced. The 10-year budget has further improved this process and helped to ensure that the Council is well placed in dealing with more immediate and longer-term financial challenges.

By becoming financially self-sufficient at an early stage, this Council will become much more in control of its own destiny as the Property Investment Strategy should provide a much more stable income stream than the reducing direct government funding streams.

The attached 10-year budget shows that this Council can continue to be financially stable going into the future with a level of assurance that any council would aspire to.

This budget process will once again be a major financial challenge for a Council that already provides value for money services to a high standard. In making any budget proposals, Members will need to consider the impact on service quality and staff well-

being, to ensure that these proposals lead to an achievable 10-year budget that supports the Council's aspirations for customer-focused services.

Members' consideration and scrutiny of the relevant services is an essential and key element in the business and financial planning process. If the net total of growth and savings proposals identified by the Advisory Committees and approved by Cabinet does not reach the £500,000 savings target, additional savings will be required that may result in service changes, to ensure a balanced budget position.

## **Appendices**

Appendix A – Service Dashboards relating to this Advisory Committee.

Appendix B – 2015/16 Budget by Service relating to this Advisory Committee.

Appendix C – Summary of the Council's agreed savings plan and growth items.

Appendix D – New growth and savings items proposed.

Appendix E - Service Change Impact Assessment forms (SCIAs) for the new growth and savings items relating to this Advisory Committee (if applicable).

Appendix F – 10-year budget.

Appendix G – Budget timetable.

## **Background Papers:**

[Report to Council 17 February 2015 – Budget and Council Tax Setting 2015/16](#)

[Report to Cabinet 17 September 2015 – Financial Prospects and Budget Strategy 2016/17 and Beyond](#)

**Adrian Rowbotham**  
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