BUDGET 2018/19: SERVICE DASHBOARDS AND SERVICE CHANGE IMPACT ASSESSMENTS (SCIAS)

Economic and Community Development Advisory Committee – 3 October 2017

Report of	Chief Finance Officer
Status	For Decision
Also considered by	Policy and Performance Advisory Committee – 5 October 2017
	Housing and Health Advisory Committee – 10 October 2017
	Legal and Democratic Services Advisory Committee – 17 October 2017
	Direct and Trading Advisory Committee – 2 November 2017
	Finance Advisory Committee – 14 November 2017
	Planning Advisory Committee – 23 November 2017
Key Decision	No

Executive Summary: This report sets out updates to the 2018/19 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 2018/19.

Informed by the latest information from Government and discussions with Cabinet, it is proposed that the Council continues to set a revenue budget which assumes no funding from Government through the Revenue Support Grant or New Homes Bonus. This will result in the Council continuing 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 £100,000 per annum is included.

Other pressures, such as the public sector pay award, may result in a requirement for further savings. Officers will continue to monitor these pressures and report the latest position to Cabinet in December.

Portfolio Holder Cllr. John Scholey

Contact Officer(s) Adrian Rowbotham, Ext. 7153

Veronica Wilson, Ext. 7436

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 applicable to this Advisory Committee.

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.

Introduction and Background

1 The Council's financial strategy over the past thirteen 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 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 ceasing from 2017/18 it is important that the council remains financially self-sufficient by having a balanced economy and a financial strategy that is focused on local solutions. These solutions include:

- continuing to deliver financial savings and service efficiencies;
- growing the council tax and business rate base; and
- generating more income.

6 When the current Financial Strategy started in 2011/12, it was agreed that the balance in the Asset Maintenance Reserve would be moved to the Financial Plan Reserve and used over the initial 10-year period. Any asset maintenance expenditure is therefore now funded by the revenue budget each year. Asset maintenance expenditure can fluctuate as the demand for programmed and ad hoc work varies across sites and it should be recognised that expenditure is likely to increase over the next 10 years as properties age.

7 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 20 February 2018.

8 The 'Financial Prospects and Budget Strategy 2018/19 and Beyond' report has been presented to Cabinet to start the budget setting process for 2018/19.

Financial Self-Sufficiency

9 The Council's Corporate Plan, introduced in 2013, set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. This means that the Council no longer requires 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 expecting to receive no Revenue Support Grant from 2017/8.

11 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.

12 The Council's decision to seek to become financially self-sufficient was subject to scrutiny by the Local Government Associations Peer Challenge of the District Council during December 2013. In their closing letter to the Council they concluded that they 'fully support that aspiration and given the

existing and anticipated squeeze upon public finances this makes much sense'.

13 With the Council receiving no Revenue Support Grant from 2017/18 and New Homes Bonus expected to reduce from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from these sources will be put into the Financial Plan Reserve which can be used to support the 10-year budget by funding invest to save initiatives and supporting the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve returns of 5%+ when not borrowing or in excess of 3% for schemes that include some external borrowing; therefore using funding for this purpose will result in additional year on year income that is not impacted by Government decisions.

14 Cabinet are keen to remain financially self-sufficient and be ahead of the game. This will allow this Council 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

15 The intention of service dashboards is 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.

16 The Service Dashboards cover a summary of the services provided, objectives, achievements and opportunities, challenges and risks and performance.

17 **Appendix A** contains the Service Dashboard for this Advisory Committee and **Appendix B** contains the budget for those services.

Savings Plan

18 **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.

19 The savings plan requires a total of over £6 million to be saved between 2011/12 and 2017/18 which is an average saving of nearly £900,000 per annum. In the thirteen years from 2005/06, over £10m of savings will then have been made.

20 The 10-year budget attached shows a net saving or additional income requirement of £100,000 per annum to deliver a long-term sustainable budget.

21 Other pressures, such as the public sector pay award, may result in a requirement for further savings. Officers will continue to monitor these pressures and report the latest position to Cabinet in December.

Proposed Growth and Savings Items

22 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 2018/19 and Beyond' report considered by Cabinet on 14 September 2017.

23 A number of growth and savings items will be proposed at the seven Advisory Committees with the aim of achieving the £100,000 mentioned above. The £100,000 does not necessarily have to all be achieved in 2018/19 but the impact is required to be £1m (i.e. £100,000 x 10 years) over the 10-year budget period.

24 The proposed growth and savings items relating to this Advisory Committee are listed in **Appendix D**.

25 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**.

26 During the budget process last year, each Advisory Committee was asked to provide further growth and savings suggestions to Cabinet. These were not approved as part of the 2017/18 budget but Cabinet indicated that some items would be worth bringing forward in future years. The suggestions previously proposed by this Advisory Committee are included in **Appendix F** and Members may wish to consider these ideas again when proposing growth and savings suggestions.

Financial Summary

27 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 2018.

28 The 10-year budget attached at **Appendix G** includes the changes that were included in the 'Financial Prospects and Budget Strategy 2018/19.

Role of the Advisory Committees

29 Training sessions on the budget process have been provided to Members in previous years to ensure that they have an understanding of the process and relevant issues to allow them to play an active part in the budget setting process. If Members require refresher training, please contact Adrian Rowbotham, Chief Finance Officer.

30 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 7 December 2017.

Process and Timetable

31 This report is the second stage of the budget process as shown in the Budget Timetable (**Appendix H**).

32 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.

Individual equality impact assessments have been completed 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 that 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 has 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 £100,000 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 – 2017/18 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 relating to this Advisory Committee (if applicable).

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

Appendix F - Update on growth and savings suggestions made by this Advisory Committee last year (if applicable)

Appendix G – 10-year budget.

Appendix H – Budget timetable.

Background Papers None

Adrian Rowbotham

Chief Finance Officer