

Cabinet



Forest Heath
District Council

Title of Report:	Recommendations of the Performance and Audit Scrutiny Committee: 25 January 2017– Delivering a Sustainable Medium Term Financial Strategy 2017/2020	
Report No:	CAB/FH/17/007	
Report to and dates:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio Holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
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Lead Officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 25 January 2017, the Performance and Audit Scrutiny Committee considered Report No: PAS/FH/17/005 , which updated Members on progress made towards delivering a balanced budget for 2017/18 and sustainable budget in the medium term, and to recommend to Cabinet inclusion of the proposals in the report to progress securing a balanced budget for 2017/18 and sustainable budget in the medium term.	
Recommendations:	It is <u>RECOMMENDED</u> that, subject to the approval of Council, the proposals as detailed in Table 1 at paragraph 1.2.1 of Report No: PAS/FH/17/005, be included in order to progress securing a balanced budget for 2017-2018.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> As it is a full Council decision	
Consultation:		• See Report No: PAS/FH/17/005	
Alternative option(s):		• See Report No: PAS/FH/17/005	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: PAS/FH/17/005			
Wards affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Performance and Audit Scrutiny Committee – 25 January 2017 Report No: PAS/FH/17/005	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Position at January 2017

1.1.1 In November 2016, the Performance and Audit Scrutiny Committee received report PAS/FH/16/032 - Delivering a Sustainable Medium Term Financial Strategy 2017-2020 which set out the context of the 2016/17 budget and MTFS, including details of savings targets, budget assumptions and known pressures for 2017-2020. This report (PAS/FH/17/005) gives an update on that position.

1.1.2 Extract from Report No: PAS/SE/17/005

1.2. Latest Budget Projections

1.2.1 **Table 1** below sets out additional pressures and the progress made to date in achieving the 2017-2020 savings target. These are proposed to be incorporated into the budgets, over and above those items brought to members' attention in November 2016 as part of Report No: PAS/FH/16/032.

Table 1: Further savings and budget pressures identified

Description	2017/18 Pressure/ (Saving) £000	2018/19 Pressure/ (Saving) £000	2019/20 Pressure/ (Saving) £000
Remaining Budget Gap per report to PASC in November 2016 (PAS/FH/16/032)	266	524	1,005
<u>Budget saving Proposals</u>			
Garden Waste -work towards cost neutral position by 2019/20	(50)	(100)	(200)
Council Tax - anticipated surplus at year end on Collection Fund	(76)	0	0
ICT - additional Service Level Agreement income taking into account the approved cost sharing model with St Edmundsbury BC	(25)	(25)	(25)
Additional reserve contribution to reflect funding for the Council's S106 Officer	0	(20)	(20)
<u>Further pressures identified</u>			
Business Rates - impact of 2017 Revaluation on council owned properties	(7)	4	13
Additional Reserve Contribution - Vehicle Renewals to fund replacement schedule requirements	100	100	130
Additional Reserve Contribution - Asset Management Plan requirements, further funding in the medium/longer term likely to be required.	80	80	80
Apprenticeship Levy - budget amended to reflect final scheme details now known	8	8	8
ARP - amendment to reflect final partnership budget position	35	35	35
<u>Other Budget Changes</u>			
Property Services - structural changes to reflect recruitment challenges and additional capacity to support councils programme of projects	38	38	38
<u>Projects</u>			
Leisure Management Fee - profile savings (estimated) linked to approved strategic investment fund - Report CAB/FH/16/049 refers	0	(135)	(224)
Housing Company Business Case benefit - Report CAB/FH/16/054 refers	(6)	(50)	(315)
<u>Other minor changes</u>	(34)	(73)	(90)
Revised Budget GAP	329	386	436

1.2.2 The councils' Pension contribution rate has risen from 30% to 29% in 2017-2018 following the triennial review. This had been afforded within the existing salary budgets.

1.2.3 Work is continuing on the property and projects work packages and will be concluded for the main Budget and Council Tax Report to Cabinet and Council in February 2017. The aim being to achieve a balanced position

across the medium term and to use reserves and one off budgetary savings, if necessary, (for example for savings on borrowing costs budgeted for, through use of existing cash balances) to balance the budget in the short term.

- 1.1.3 The Committee was asked to support and recommend to Cabinet the inclusion of the proposals, as detailed in **Table 1** in order to progress securing a balanced budget for 2017-2018 and delivering a Sustainable Medium Term Financial Strategy 2017-2020.
- 1.2 **Performance and Audit Scrutiny Committee**
- 1.2.1 The Performance and Audit Scrutiny Committee scrutinised the report in detail and asked a number of questions to which Officers duly responded. In particular, questions were asked with regard to the Additional Reserve Contributions which had been allocated for vehicle renewals and for Asset Management Plan requirements.
- 1.2.2 The Performance and Audit Scrutiny Committee **noted** the progress on delivering a sustainable medium term financial strategy 2017-2020.
- 1.2.3 The Performance and Audit Scrutiny Committee has put forward recommendations as set out on page 1 of this report.