

# Cabinet



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Recommendations of the Performance and Audit Scrutiny Committee: 29 November 2017 – Delivering a Sustainable Medium Term Financial Strategy 2018-2021</b>	
<b>Report No:</b>	<b>CAB/FH/17/061</b>	
<b>Reports to and dates:</b>	<b>Cabinet</b>	12 December 2017
	<b>Council</b>	20 December 2017
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<b>Purpose of report:</b>	On 29 November 2017, the Performance and Audit Scrutiny Committee considered Report No: <a href="#">PAS/FH/17/038</a> and <a href="#">Appendix A</a> , which updated Members on progress made towards delivering a balanced budget for 2018/19 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 2018/19 and sustainable budget in the medium term.	

<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that:</b>		
	<p><b>1) the budget assumptions (outlined in Appendix A) and timetable (at 6.1), along with the progress made to date on delivering a balanced budget for 2018-2019 and sustainable budget in the medium term; be noted.</b></p> <p><b>2) the proposals, as detailed in Section 5 and Table 2 at paragraph 5.1 of Report No: PAS/FH/17/038, be included in securing a balanced budget for 2018-2019.</b></p>		
<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> 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)		
<b>Consultation:</b>	• See Report No: PAS/FH/17/038		
<b>Alternative option(s):</b>	• See Report No: PAS/FH/17/038		
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		• See Report No: PAS/FH/17/038	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		• See Report No: PAS/FH/17/038	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		• See Report No: PAS/FH/17/038	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		• See Report No: PAS/FH/17/038	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		• See Report No: PAS/FH/17/038	
<b>Risk/opportunity assessment:</b> <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
See Report No: PAS/FH/17/038			
<b>Wards affected:</b>		All Wards	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		<a href="#">COU/FH/17/005</a> - Budget and council Tax Setting 2017/18  <a href="#">CAB/FH/17/007</a> - Delivering a Sustainable Medium Term Financial Strategy 2017-2020  <a href="#">OAS/FH/17/023</a> and <a href="#">Appendix B</a> - Draft West Suffolk Strategic Framework	
<b>Documents attached:</b>		None	

## **1. Key issues and reasons for recommendation**

### **1.1 Future budget pressure and challenges**

- 1.1.1 Forest Heath continues to face considerable financial challenges as a result of increased cost and demand, plus pressures and constraints on public sector spending (Revenue Support Grant) from central government, as evidenced by the proposed four year government settlement. It is clear that even without the proposed reductions in Revenue Support Grant (RSG), the council has underlying net cost pressures. This includes costs rising faster than income inflation.
- 1.1.2 The MTFS 2017-2020, approved at Full Council on 22 February 2017 (Report COU/FH/17/005), sets out further current and future financial pressures and challenges facing Forest Heath.
- 1.1.3 The budget gap for years 2018-2019 to 2020-2021 were projected in Table 1 of the report. The current budget assumptions for 2018-2019 to 2020-2021 and for the period of the Medium Term Financial Strategy were detailed in Appendix A.
- 1.1.4 The implementation towards a 100% Business Rates Retention scheme and the review of the needs based assessment/formula that underpins our financial needs settlement from central government are both planned to be implemented in 2020/21. Both changes create significant uncertainty to the council's medium term financial planning assumptions.
- 1.1.5 The worst case scenario for the review of the needs based assessment/formula could be to re-set our financial needs settlement right back to a steady level of growth from 2013 rather than that actually experienced in Forest Heath, thus removing the majority of the growth we retain under the current 50% BRR scheme. This would remove a significant amount of income (worst case - £0.4m) from the budget in 2020/21. This situation will be monitored and reviewed as information becomes available. We will continue to lobby and input into DCLG consultations in order to make our position clear.
- 1.1.6 Report No: PAS/FH/17/038 provided the Performance and Audit Scrutiny Committee with information on the future budget pressures and challenges; budget gap and budget assumptions; methodology for securing a balanced budget 2018/2021; budget proposals for 2018-2021 and the proposed budget timetable.
- 1.1.7 **Extract from Report No: PAS/FH/17/038**

### **5. Budget proposals for 2018-21**

- 5.1 *The Performance and Audit Scrutiny Committee is asked to support and recommend to Cabinet the **inclusion of the following proposals/changes**, as detailed in **Table 2 below** in order to progress securing a balanced budget for 2018/19.*

**Table 2: Budget proposals for 2018-21**

		18/19 Pressure/ (Saving) £000	19/20 Pressure/ (Saving) £000	20/21 Pressure/ (Saving) £000
<b>Existing MTFS Position</b>		<b>0</b>	<b>0</b>	<b>0</b>
Housing Options	Increase in volume of people requiring assistance - Costs	59	88	97
	Increase in volume of people requiring assistance - HB Recovery	(39)	(43)	(47)
	New Burdens Grant	(24)	(28)	0
Waste Collection	Brown Bin Income - Rephasing of Budget, keeping in line with the service being funded by users of the service.	(30)	0	0
Trade Waste	Additional staffing to reflect current and future service demand	46	46	46
	Increased Trade Waste Income to fund additional staffing levels	(46)	(46)	(46)
Industrial & Business Units	Additional income based off current forecast	0	(20)	(20)
Environmental Management	Delay in rent a roof capital programme item impacting revenue assumptions.	28	13	(2)
Land Charges	LLC1 Search Income lost due to transfer to HMLR mid 18/19	14	22	23
Developmental Control	Increase in Pre-Application Planning Income	(12)	(22)	(32)
Building Control	Change in Budget assumption to reflect 17/18 income trend and current market share.	27	29	29
Salary Budget	Final position following payroll review	TBC	TBC	TBC
Capital Programme	Revenue impact of changes to capital programme	TBC	TBC	TBC
<b>Total Budget Gap</b>		<b>22</b>	<b>39</b>	<b>48</b>

\* The budget gap as reported in the table above is still subject to ongoing work as part of the budget setting process, and an updated position will be presented to this committee at its January meeting.

## 6. Budget timetable

6.1 The table below outlines the timetable of budget information through the committees and to Full Council.

Task	Date
Performance and Audit Scrutiny Committee - consider progress report on 'Delivering a Sustainable Budget 2018/19'	29 Nov 2017
Cabinet to consider recommendations from Performance and Audit Scrutiny Committee – 29 November 2017	12 Dec 2017
Council approval of the 2018/19 Tax Base including any Council Tax technical changes	20 Dec 2017
Council approval of Local Council Tax Reduction Scheme and Council Tax technical changes 2018/19	20 Dec 2017

Member Development Session – Local Government Finance	18 Jan 2018
Performance and Audit Scrutiny Committee - updated report on 'Delivering a Sustainable Budget 2018/19'	31 Jan 2018
2018/19 Budget and Council Tax Setting - Cabinet.	14 Feb 2018
2018/19 Budget and Council Tax Setting - Full Council.	22 Feb 2018

## 1.2 **Performance and Audit Scrutiny Committee**

- 1.2.1 The Performance and Audit Scrutiny Committee scrutinised the report in detail and **noted** the budget assumptions outlined in Appendix A and the budget timetable along with progress made to date on delivering a balanced budget for 2017-2018 and sustainable budget in the medium term.
- 1.2.2 The Performance and Audit Scrutiny Committee has put forward recommendations as set out on page two of this report.