

# Cabinet



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Recommendations of the Performance and Audit Scrutiny Committee: 31 January 2018 – Delivering a Sustainable Medium Term Financial Strategy 2018-2021</b>	
<b>Report No:</b>	<b>CAB/SE/18/010</b>	
<b>Report to and date:</b>	<b>Cabinet</b>	6 February 2018
<b>Portfolio Holder:</b>	Councillor Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Chairman of the Committee:</b>	Councillor Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee <b>Tel:</b> 01284 787327 <b>Email:</b> <a href="mailto:sarah.broughton@stedsbc.gov.uk">sarah.broughton@stedsbc.gov.uk</a>	
<b>Lead Officers:</b>	Rachael Mann Assistant Director (Resources and Performance) <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	On 31 January 2018, the Performance and Audit Scrutiny Committee will consider Report No: <a href="#">PAS/SE/18/005</a> and <a href="#">Appendix A</a> updating 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>  <b>(1) the budget assumptions (outlined in Appendix A to Report No: PAS/SE/18/005) and timetable (at paragraph 7.1), along with the progress made to date on delivering a balanced budget for 2018-2019 and sustainable budget in the medium term, be <u>noted</u>; and</b>  <b>(2) the proposals, as detailed in Section 6 and Table 2 at paragraph 6.1 of Report No: PAS/SE/18/005, be <u>included</u> in securing a balanced budget for 2018-2019.</b>		
<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"/>		
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>See Report No: PAS/SE/18/005</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>See Report No: PAS/SE/18/005</li> </ul>		
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/SE/18/005</li> </ul>		
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/SE/18/005</li> </ul>		
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/SE/18/005</li> </ul>		
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/SE/18/005</li> </ul>		
<i>Are there any <b>equality</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/SE/18/005</li> </ul>		
<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/SE/18/005			
<b>Wards affected:</b>		All Wards	

<p><b>Background papers:</b>  <i>(all background papers are to be published on the website and a link included)</i></p>	<p><a href="#">COU/SE/17/004</a> - Budget and Council Tax Setting 2017/18</p> <p><a href="#">CAB/SE/17/008</a> - West Suffolk Strategic Plan and Medium Term Financial Strategy 2016-2020</p> <p><a href="#">COU/SE/17/021 (item B7)</a> Draft West Suffolk strategic Framework</p> <p><a href="#">PAS/SE/17/034</a> - Delivering a Sustainable Medium Term Financial Strategy 2018-2021</p>
<p><b>Documents attached:</b></p>	<p>None</p>

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

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

- 1.1.1 St Edmundsbury 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 Medium Term Financial Strategy (MTFS) 2017-2021, approved by Council on 21 February 2017 (Report No: COU/SE/17/004), sets out the current and future financial pressures and challenges facing St Edmundsbury.
- 1.1.3 The budget assumptions for 2018-2019 and across the period of the MTFS are detailed in **Appendix A**.
- 1.1.4 The implementation towards the now 75% Business Rates Retention (BRR) 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 St Edmundsbury, thus removing the majority of the growth we retain under the current 50% BRR scheme. This would remove a significant amount of income (£0.7m) 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 Department for Communities and Local Government (DCLG) consultations in order to make our position clear.
- 1.1.6 Report No: PAS/SE/18/005 will be considered by the Performance and Audit Scrutiny Committee on 31 January 2018, which provides information on the future budget pressures and challenges; budget gap and budget assumptions; methodology for securing a balanced budget 2018/2021; garden waste subscriptions; budget proposals for 2018-2021 and the budget timetable.
- 1.1.7 **Extract from Report No: PAS/SE/18/005**

## **6. Budget proposals for 2018-2021**

- 6.1 *The Performance and Audit Scrutiny Committee is asked to support and recommend to Cabinet the **inclusion of the following proposals**, as detailed in **Table 2 below** in order to progress securing a balanced budget for 2018/19, over and above those items brought to members' attention in November 2017 as part of Report No: PAS/SE/17/034.*

**Table 2: Budget proposals for 2018-2021**

	<b>18/19 Pressure/( Saving) £000</b>	<b>19/20 Pressure/ (Saving) £000</b>	<b>20/21 Pressure/ (Saving) £000</b>
<b>Total Budget Gap - At PASC 29/11/17</b>	<b>96</b>	<b>186</b>	<b>199</b>
<b>Salary Changes:</b>			
Current Development Control capacity to support increase in workloads due to area growing and encouragement of housing and investment in West Suffolk to meet local needs - funding assumed from base budget (previously funded from reserves)	87	87	87
Housing Rough Sleeper Post - funding assumed from base budget from 2020/21	0	0	28
<b>Pay assumption changes</b>			
Change from 1.0% to 2.0% + pay spine revision (in line with recent Employer offer (subject to agreement))	239	570	771
Shared Service Salaries Recharge	(74)	(111)	(110)
<b>Other Budget assumption changes</b>			
Tax Base Change - report XXX	23	25	25
Council Tax 17/18 Collection Surplus (2018/19 only)	(8)	0	0
Reduction in contributions to Suffolk CC for waste services (Household Waste/Recycling and Garden Waste Collection)	(187)	(241)	(241)
Additional Trade Waste Income	(105)	(148)	(225)
Additional Retail Rental income to reflect actual performance	(43)	(43)	(43)
Additional Industrial Unit Income - lowered vacancy rates reflecting current performance	(95)	(95)	(95)
Additional Apex Booking Fee Income (net of £50k additional artist fees and running costs)	(20)	(70)	(70)
Barley Homes income assumption profile change to reflect removal of Wamil Court from business plan	31	125	7
LLC1 Search Income lost due to transfer to HMLR mid 18/19 - reinstated due to delay in decision	(25)	(25)	(25)
Reduction in income assumption on Leisure Properties due to be transferred to a Trust	53	53	53
Additional income (net) from Invest to Save project at Haverhill House	0	(8)	(40)
Removal of contributions to MTFS reserve	(25)	(124)	(115)
Other smaller budget changes	53	(31)	(56)
<b>Single Council</b>			
Cashable savings as per Business Case	0	(150)	(150)
	<b>0</b>	<b>0</b>	<b>0</b>

## **7. Budget timetable**

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

**Table 3: Committee timetable for budgets**

<b>Task</b>	<b>Date</b>
<i>Member Development Session – Local Government Finance</i>	<i>18 and 25 January 2018</i>
<i>Performance and Audit Scrutiny Committee - updated report on 'Delivering a Sustainable Budget 2018/19'</i>	<i>31 January 2018</i>
<i>2018/19 Budget and Council Tax Setting - Cabinet.</i>	<i>6 February 2018</i>
<i>2018/19 Budget and Council Tax Setting - Full Council.</i>	<i>20 February 2018</i>

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

1.2.1 The Performance and Audit Scrutiny Committee will consider the report on 31 January 2018, which is after the despatch and publication of this report. Should the Committee amend the recommendations set out in Report No: PAS/SE/18/005, then these will be verbally reported at the Cabinet meeting.