

# Cabinet



Forest Heath  
District 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/FH/18/011</b>	
<b>Reports to and date:</b>	<b>Cabinet</b>	13 February 2018
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<b>Purpose of report:</b>	On 31 January 2018, the Performance and Audit Scrutiny Committee considered Report No: <a href="#">PAS/FH/18/007</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>  <b>1) The budget assumptions (outlined in Appendix A) and timetable (at 6.1), along with the progress made to date on delivering</b>	

	<p><b>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/18/007, be included in securing a balanced budget for 2018-2019.</b></p>		
<p><b>Key Decision:</b></p> <p><i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p> <p><i>(As it is a full Council decision)</i></p>		
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>• See Report No: PAS/FH/18/007</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>• See Report No: PAS/FH/18/007</li> </ul>		
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details		<ul style="list-style-type: none"> <li>• See Report No: PAS/FH/18/007</li> </ul>	
Are there any <b>staffing</b> implications? If yes, please give details		<ul style="list-style-type: none"> <li>• See Report No: PAS/FH/18/007</li> </ul>	
Are there any <b>ICT</b> implications? If yes, please give details		<ul style="list-style-type: none"> <li>• See Report No: PAS/FH/18/007</li> </ul>	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		<ul style="list-style-type: none"> <li>• See Report No: PAS/FH/18/007</li> </ul>	
Are there any <b>equality</b> implications? If yes, please give details		<ul style="list-style-type: none"> <li>• See Report No: PAS/FH/18/007</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/FH/18/007			
<b>Wards affected:</b>		All Wards	
<p><b>Background papers:</b></p> <p><i>(all background papers are to be published on the website and a link included)</i></p>		<p><a href="#">COU/FH/17/005</a> - Budget and council Tax Setting 2017/18</p> <p><a href="#">CAB/FH/17/007</a> - Delivering a Sustainable Medium Term Financial Strategy 2017-2020</p> <p><a href="#">OAS/FH/17/023</a> and <a href="#">Appendix B</a> - Draft West Suffolk Strategic Framework</p> <p><a href="#">PAS/FH/17/038</a> - Delivering a Sustainable Medium Term Financial Strategy 2018-2021</p>	
<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 the now 75% 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/18/007 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/18/007**

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

*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, over and above those items brought to members' attention in November 2017 as part of Report No: PAS/FH/17/038.*

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

	<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>22</b>	<b>39</b>	<b>48</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)	47	47	47
<b>Pay assumption changes</b>			
Change from 1.0% to 2.0% + pay spine revision (in line with recent Employer offer (subject to agreement))	86	228	314
Shared Service Salaries Recharge	74	111	110
<b>Other Budget assumption changes</b>			
Tax Base Change - report XXX	(31)	(33)	(34)
Council Tax 17/18 Collection Surplus (2018/19 only)	(50)	0	0
Reduction in contributions to Suffolk CC for waste services (Household Waste/Recycling and Garden Waste Collection)	(128)	(158)	(158)
Additional Trade Waste Income	(41)	(79)	(90)
Additional Retail Rental income to reflect actual performance	47	47	10
Additional Industrial Unit Income - lowered vacancy rates reflecting current performance	(29)	(79)	(79)
Revised Abbeycroft Management Fee - reflected in report XXX	73	91	92
Reduction in external Tree Budget as a result of savings from bringing the service back in house	(41)	(41)	(41)
Reprofiling of Local Plan annual revenue contribution	(90)	(90)	0
Barley Homes income assumption profile change to reflect removal of Wamil Court from business plan	31	124	7
LLC1 Search Income lost due to transfer to HMLR mid 18/19 - reinstated due to delay in decision	(14)	(14)	(15)
Contribution to Invest to Save Reserve for ICT transformation project resources	132	0	0
Other smaller budget changes	(88)	(43)	(61)
Efficiency savings	0	(150)	(150)
	<b>0</b>	<b>0</b>	<b>(0)</b>

## **6. Budget timetable**

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

<b>Task</b>	<b>Date</b>
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.	13 Feb 2018
2018/19 Budget and Council Tax Setting - Full Council.	21 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 pages 1 and 2 of this report.