

# Extraordinary Shadow Executive (Cabinet)

<b>Title of Report:</b>	<b>Recommendations of the Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees: 28 November 2018 – Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan</b>	
<b>Report No:</b>	<b>EXC/SA/19/001</b>	
<b>Report to and dates:</b>	<b>Extraordinary Shadow Executive (Cabinet)</b>	8 January 2019
	<b>Shadow Council</b>	19 February 2019 ( <i>as part of the budget setting process</i> )
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<b>Chairmen of the Committees:</b>	Louis Busuttil Chairman of FHDC Performance and Audit Scrutiny Committee <b>Tel:</b> 01638 810517 <b>Email:</b> <a href="mailto:louis.busuttil@forest-heath.gov.uk">louis.busuttil@forest-heath.gov.uk</a>	Sarah Broughton Chairman of SEBC Performance and Audit Scrutiny Committee <b>Tel:</b> 01284 787327 <b>Email:</b> <a href="mailto:sarah.broughton@stedsbcc.gov.uk">sarah.broughton@stedsbcc.gov.uk</a>

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<b>Purpose of report:</b>	On 28 November 2018, the Performance and Audit Scrutiny Committees considered Report Nos: PAS/SE/18/035 / PAS/FH/18/039, which update members on progress made towards delivering a balanced budget for 2019/20 and sustainable budget in the medium term.		
<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that, subject to the approval of Shadow Council as part of the budget setting process, the proposals detailed in Section 2 and Table 1 and Table 2 of Report Nos: PAS/SE/18/035 and PAS/FH/18/039, be included in securing a balanced budget for 2019/2020.</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 Nos: PAS/SE/18/035 PAS/FH/18/039</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>See Report Nos: : PAS/SE/18/035 PAS/FH/18/039</li> </ul>		
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report Nos: : PAS/SE/18/035 PAS/FH/18/039</li> </ul>	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: : PAS/SE/18/035 PAS/FH/18/039</li> </ul>	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: : PAS/SE/18/035 PAS/FH/18/039</li> </ul>	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: : PAS/SE/18/035 PAS/FH/18/039</li> </ul>	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: : PAS/SE/18/035 PAS/FH/18/039</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 Nos: PAS/SE/18/035 PAS/FH/18/039			
<b>Ward(s) affected:</b>		All Wards	

<b>Background papers:</b>	<p><a href="#">Shadow Executive Agenda 17 July 2018</a> – Item 5: West Suffolk Council – Setting the Strategic Context for the Development of the 2019/2020 Budget and Medium Term Financial Plans</p> <p>Informal Joint PASC – Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium term Plan: <a href="#">PAS/FH/18/032</a> and <a href="#">PAS/SE/18/029</a></p>
<b>Documents attached:</b>	None

## **1. Key issues and reasons for recommendation(s)**

1.1 It was reported at the 27 September 2018, Performance and Audit Scrutiny Committee meeting, that the budget position was a gap of £0.5m, and included the following set of adverse trends:

- The lower growth trend in car parking income as seen in 2018-2019 and anticipated to continue into 2019-2020.
- The increased cost relating to recycling charge per tonne.
- The estimated impact of revising the pay-line.
- The new business case for Barley Homes.

1.2 The Committees were informed on 28 November 2018, that the position had been updated to account for developing trends and revised information as it became available and confirmed as far as possible. This information gave rise to a budget gap of £1.1m in 2019-2020, and £1.1m for 2020-2021.

1.3 **Extract from Report Nos: PAS/SE/18/035 and PAS/FH/18/039**

## **2. Progress and Budget Assumption**

2.2 *This position has been updated to account for developing trends and revised information as it becomes available and confirmed as far as possible. This information gives rise to a budget gap of £1.1m for 2019/20 and £1.1m for 2020/21.*

*The updated position for each year is laid out in the table below*

**Table 1: Budget Proposals for 2019-2023**

	2019/20	2020/21	2021/22	2022/23
<b>Existing Savings Targets within MTFS</b>	<b>0</b>	<b>300</b>	<b>1,914</b>	<b>2,745</b>
<u>Additional Pressures</u>				
Salary Revision (impact of 18/19 changes)	508	430	453	477
Payline Alignment	228	233	241	249
LT Salary	40	41	42	42
Members Allowances (inc. Special Responsibility)	88	88	88	88
Blue Bins - Increased Tipping Charges	423	424	425	426
Car Park Income	394	254	209	209
Growth Fund - Revised Outlook	300	150	0	0
Barley Homes - Revised Business Case	197	(96)	(37)	(35)
Trade Waste Costs	60	60	60	60
Local Plan Costs	70	70	70	70
Information Security Role	60	61	62	64
Rough Sleeper Costs	41	41	41	41
<b>Total Additional Pressure</b>	<b>1,900</b>	<b>1,325</b>	<b>1,200</b>	<b>1,214</b>
<u>Additional Income/Savings</u>				
Solar Income	(160)	0	0	0
Solar Costs	(40)	(40)	(40)	(40)
Professional Fees	(100)	(100)	(100)	(100)
Trade Waste Income	(160)	(84)	(42)	(42)
Ground Maintenance Income	(100)	(102)	(104)	(106)
Housing Options - HB Income	(72)	(72)	(72)	(72)
Apex Booking Fee	(34)	(34)	(34)	(34)
Shared Legal Service Income (BMS/Babergh)	(90)	(90)	(90)	(90)
Other Waste Services Income	(46)	(47)	(48)	(48)
<b>Total Additional Income/Savings</b>	<b>(802)</b>	<b>(569)</b>	<b>(530)</b>	<b>(532)</b>
<b>Net Impact</b>	<b>1,098</b>	<b>1,056</b>	<b>2,584</b>	<b>3,427</b>

2.3 *There are a set of proposed actions that can be taken that will reduce this budget gap for 2019-2021 significantly. These include reserve funding proposals and approaches to corporate budgets. These proposals are laid out in the table below.*

**Table 2: Proposed Solutions****Proposed Solutions**

Reserve Fund:				
- Growth Fund - Revised Outlook	(300)	(150)	0	0
- WSOH Business Management posts (2 years)	(150)	(150)	0	0
- Revised reserve contributions	(215)	(215)	0	0
- Blue Bins - Increased Tipping Charges	(142)	0	0	0
Budget for 18/19 Collection Fund surplus	(100)	0	0	0
Reduce Corporate Agency Budget (from £200k)	(150)	(150)	(150)	(150)
<b>Total Potential Solutions</b>	<b>(1,057)</b>	<b>(665)</b>	<b>(150)</b>	<b>(150)</b>
<b>Net Impact (incl all Solutions)</b>	<b>41</b>	<b>391</b>	<b>2,434</b>	<b>3,277</b>

- 2.4 *The adoption of the solutions would bring the budget gap down to **£41k** for 2019/20 and **£391k** for 2020/21.*
- 2.5 *Work will continue of monitoring the trends included in **Table 1 (above)** and driving to agree assumptions that will close the remaining budget gap for 2019/20 and 2020/21 for presentation to Council in February 2019. A further update will be brought to the Committee in January 2019.*
- 2.6 *The budget gap for the future years beyond 2021 is significant but given the expectation of changes to local government funding due to come out of the Fair Funding Review these plans will have to be reviewed from base principles up when more specific information becomes available. This is anticipated in Spring/Summer 2019 with a potential transition date of April 2020.*
- 2.7 *This budget assumes no change to the 7 year Council Tax plan for harmonization between St Edmundsbury and Forest Heath.*
- 2.8 *It is important to note that there are limitations on the degree that all of the potential changes within its medium term financial projections can be identified. The financial environment that we operate in is constantly changing and will be subject to significant change over time.*
- 2.9 *The Capital Programme is currently being revised and updated with known changes. This will be brought for Performance and Audit Committee review in January 2019.*

## 1.2 **Performance and Audit Scrutiny Committees**

- 1.2.1 The Performance and Audit Scrutiny Committees scrutinised the report in detail and asked a number of questions on the proposed solutions, to which comprehensive responses were provided. In particular discussions were held on Barley Homes; savings made moving towards becoming a single

council; investing in commercial properties and the high risks involved, and making sure that the financial figures were robust.

- 1.2.2 The Performance and Audit Scrutiny Committees considered and **noted** the approach and timescales for the 2019/2020 budget setting process and medium term plans for West Suffolk Council.
- 1.2.3 The Performance and Audit Scrutiny Committees have put forward recommendations as set out on page two of this report.