



Council (Extraordinary)	Thursday, 06 July 2017	Matter for Information and Decision
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Title: **Budget Options 2018/19 and 2019/2020**

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1. Introduction

The Council's agreed Medium-Term Financial Strategy (MTFS) covers the period 2017/18 to 2019/20. In order to achieve balanced budgets in each of the financial years within the MTFS, a net reduction in expenditure of £1.4 million is required, to respond to:

- Reduction in support grants from government;
- Changes to the recycling credit scheme with Leicestershire County Council;
- Demographic changes in the population of Oadby & Wigston Borough;
- Increased demands for services and customer expectations; and
- Inflation and other economic factors.

This report reflects the findings of the Local Government Association (LGA) Peer Challenge conducted in March 2017, specifically:

- Delivering the MTFS providing savings options for Members;
- Implementing ICT and Asset management Strategies; and
- Finalising the management structure.

2. Recommendation(s)

That Council:

Reviews the various budget options set out in this report and provides advice and guidance to Senior Management Team:

- (i)** To allow the Senior Management Team (SMT) to produce a robust programme of projects and schemes to be brought forward as part of the budget plans for 2018/19 later in the year; and
- (ii)** That achieves the planned net reduction in spending of £700,000 by 2019/20 set out in the Council's Medium Term Financial Strategy.

3. Information

- 3.1. In October 2016, the Council submitted its four-year efficiency plan to the Department of Communities and Local Government. This was agreed with the department and as a result the Council has received details of its government grants for the next four years. The four-year settlement increases the stability of the Council's MTFS by providing a greater level of certainty about funding, although it should be noted that it relates only to Revenue Support Grant which is a decreasing proportion of total Council funding. It does however help shape future budget strategy, forecast available resources to support services and thus provide more certainty about the level of net savings required to balance the books.

3.2. The efficiency plan summarises parts of the Council's Corporate Plan and its MTFS.

The efficiency strategy has three themes:

- The Council's approach to delivering net savings of £1.4 million by financial year 2019/20;
- How new flexibilities in the use of capital receipts might be used; and Prudential indicators for 2016-2019 to ensure that any borrowing by the Council is affordable in the medium to long term.

3.3. This report focuses on the first theme: the delivery of net savings of £1.4 million by 2020. To become more efficient and effective the Council must:

- Ensure that it is budgeting for and spending on priorities;
- Continue to improve the management information available on productivity, quality and performance;
- Consider alternative methods of service delivery, including collaboration and joint working to deliver services; and
- Identify opportunities for generating additional income streams.

3.4. Inevitably this will require difficult decisions to be taken and developing new approaches to find further ways to increase efficiency and reduce net spending. Most councils need to increase significantly the level of savings made – this is not unique to Oadby & Wigston. Strong leadership from both elected Members and officers will be paramount in continuing to challenge, monitor and support the Council to deliver the ongoing efficiency and productivity improvements required.

3.5. In preparing the latest iteration of the Council's MTFS, the policies set out in the budget report to Council in February 2017 have been extended over the planning period to 2019/20:

- More active asset management – this could yield full year savings of £250k.
- Service review and redesign placing residents at the heart of the process – this could yield full year savings of £650k;
- 'Invest to save' schemes, where one-off expenditure achieves continuing revenue savings or additional income – this could yield full year savings of £100k;
- Never adopting any schemes, projects or services that are not first demonstrated to be at least cost neutral and therefore will not be an additional burden to local Council Tax payers; and
- Commitment to building more houses – this could yield full year additional income of £150k via New Homes Bonus and rent income.

3.6. Of the £1.4 million net savings required by 2020, £700,000 was identified when setting the budget for 2017/18. This leaves a further £700,000 to be found over the next two years. The MTFS anticipates that the net saving will be found in two 'lots' of £350,000: the first to be delivered in 2018/19 and the second in 2019/20.

3.7. Since Council agreed the budget for 2017/18 in February 2017, the Council's SMT has been working with service managers across the Council to develop proposals for net savings (that is, either reductions in spending or increases in income) that reflect the Council's financial plans as set out in the four-year efficiency plan and the MTFS. The next section of this report sets out SMT's proposals; at this stage Council is not being asked to agree any of these, but rather to provide guidance and direction to shape the more detailed working up of options which must take place later this year in order to

allow specific target reductions in net expenditure to be included in the draft 2018/19 budget and the next iteration of the MTFS.

- 3.8. All of the potential options are set out in the attached appendices and are listed below. Some will require consultation and a mobilisation period before planned reductions in net expenditure can be delivered. Some of the proposals have a longer lead time than others, so the challenge for the Council will be to finalise a robust programme of projects and schemes and achieve them in a timeframe that achieves the net reduction in spending of £700,000 by 2019/20.

The potential Option Papers attached are:

Part I – Open Session

- a. Materials Recycling Facility (MRF)
- b. Wholly Owned Housing Company
- c. Brocks Hill
- d. Public Toilets
- e. Green Waste
- f. Refuse and Recycling Collections
- g. Car Parking
- h. Administrative Offices

Part II – Closed Session

- i. Discretionary Services
- j. Vacant Chief Executive Position

Background Documents:

Medium-Term Financial Strategy (MTFS) (2017/18 to 2019/20)
Local Government Association (LGA) Peer Challenge Report (June 2017)

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(Continued overleaf)

Implications	
Financial	As set out in the body of the report and option papers.
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	
Legal	As set out in the body of the report and option papers.
Anne Court (Director of Services / Monitoring Officer)	
Corporate Risk(s) (CR)	<input checked="" type="checkbox"/> Decreasing Financial Resources (CR1) <input checked="" type="checkbox"/> Key Supplier/Partnership Failure (CR2) <input checked="" type="checkbox"/> Political Dynamics (CR3) <input checked="" type="checkbox"/> Reputation Damage (CR4) <input checked="" type="checkbox"/> Effective Utilisation of Assets/Buildings (CR5) <input checked="" type="checkbox"/> Organisational/Transformational Change (CR8) <input checked="" type="checkbox"/> Economy/Regeneration (CR9)
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	
Corporate Priorities (CP)	<input checked="" type="checkbox"/> An Inclusive and Engaged Borough (CP1) <input checked="" type="checkbox"/> Effective Service Provision (CP2) <input checked="" type="checkbox"/> Balanced Economic Development (CP3) <input checked="" type="checkbox"/> Green & Safe Places (CP4) <input checked="" type="checkbox"/> Wellbeing for All (CP5)
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	
Vision & Values (V)	<input checked="" type="checkbox"/> "A Strong Borough Together" (Vision) <input checked="" type="checkbox"/> Accountability (V1) <input checked="" type="checkbox"/> Respect (V2) <input checked="" type="checkbox"/> Teamwork (V3) <input checked="" type="checkbox"/> Innovation (V4) <input checked="" type="checkbox"/> Customer Focus (V5)
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	
Equalities & Equality Assessment(s) (EA)	<p>An Initial EA Screening will be undertaken once Members have provided their direction and guidance.</p> <input checked="" type="checkbox"/> Initial EA Screening <input type="checkbox"/> Full EA Assessment <input type="checkbox"/> Not Applicable
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	