

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**POLICY DEVELOPMENT GROUP – 2 OCTOBER 2013**

Title of report	<b>GENERAL FUND REVENUE BUDGET DRAFT PROPOSALS 2014/15 AND 2015/16</b>
Contacts	<p>Councillor Nicholas Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Chief Executive 01530 454500 <a href="mailto:christine.fisher@nwleicestershire.gov.uk">christine.fisher@nwleicestershire.gov.uk</a></p> <p>Head of Finance 01530 454520 <a href="mailto:ray.bowmer@nwleicestershire.gov.uk">ray.bowmer@nwleicestershire.gov.uk</a></p>
Purpose of report	To receive the Committee's comments on the Cabinet's draft budget proposals for 2014/15 and "direction of travel" for 2015/16.
Council Priorities	All Council Priorities.
Implications:	
Financial/Staff	Financial issues are contained within the attached Cabinet report.
Link to relevant CAT	All affected.
Risk Management	If the overall level of savings is not achieved within the three year timescale the Council's ability to deliver its priorities could be put at risk. The Council must provide a balanced budget by law.
Equalities Impact Assessment	The requirement for equalities impact assessments on each of the proposals will be determined during the consultation and Cabinet informed of the outcome when it considers the responses from the consultations.
Human Rights	None identified.
Transformational Government	None identified.
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	As report author, the report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.

Consultees	As detailed in the attached Cabinet report.
Background papers	Report to Cabinet 24 September 2013 (attached).
Recommendations	<b>THAT THE POLICY DEVELOPMENT GROUP CONSIDERS THE GENERAL FUNDS REVENUE BUDGET DRAFT PROPOSALS 2014/15 AND 2015/16, AND MAKE ANY COMMENTS THEY WISH TO BE CONSIDERED BY CABINET AS PART OF THE FORMAL APPROVAL PROCESS.</b>

## **1.0 BACKGROUND**

- 1.1 Draft Revenue Budget proposals for 2014/15 and 2015/16 were presented to the Cabinet for approval for consultation at its meeting on 24 September 2013. The Policy Development Group is invited to consider the proposals and provide any comments for the Cabinet to take into account when it reconsiders its proposals on 10 December 2013.
- 1.2 Further details are included in the attached Cabinet report considered by Cabinet on 24 September 2013.

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 24 SEPTEMBER 2013**

Title of report	<b>GENERAL FUND REVENUE BUDGET – DRAFT PROPOSALS 2014-15 AND 2015-16</b>
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nicholas Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Chief Executive 01530 454500 <a href="mailto:christine.fisher@nwleicestershire.gov.uk">christine.fisher@nwleicestershire.gov.uk</a></p> <p>Head of Finance 01530 454520 <a href="mailto:ray.bowmer@nwleicestershire.gov.uk">ray.bowmer@nwleicestershire.gov.uk</a></p>
Purpose of report	To approve 2014/15 draft budget proposals and “direction of travel” for 2015/16 for consultation.
Reason for Decision	Required to commence consultation on 2014/15 draft budget proposals and “direction of travel” for 2015/16.
Council Priorities	All Council Priorities.
<p>Implications:</p> <p>Financial/Staff</p> <p>Link to relevant CAT</p> <p>Risk Management</p> <p>Equalities Impact Assessment</p> <p>Human Rights</p>	<p>As contained in the report.</p> <p>Impacts over all CATs.</p> <p>If the overall level of savings is not achieved within the four year timescale the Council's ability to deliver its priorities could be put at risk. The Council must provide a balanced budget by law.</p> <p>The requirement for equalities impact assessments on each of the proposals will be determined during the consultation and Cabinet informed of the outcome when it considers the responses from the consultations.</p> <p>No impact at this stage.</p>

Transformational Government	No impact identified.
Comments of Head of Paid Service	Report is satisfactory.
Comments of Section 151 Officer	As author of the report, the report is satisfactory.
Comments of Monitoring Officer	Report is satisfactory.
Consultees	Corporate Leadership Team.
Background papers	<p>Medium Term Financial Strategy (MTFS) 2014/15 – 2017/18 (Cabinet 11 June 2013).  <a href="http://minutes-1.nwleics.gov.uk/aksnwleicester/images/att5694.pdf">http://minutes-1.nwleics.gov.uk/aksnwleicester/images/att5694.pdf</a></p> <p>Further details on proposed savings documents, referred to in appendix 1B - <a href="#">Green Waste Collection</a>, <a href="#">Unjustified Missed Bins</a>, <a href="#">Car Park Charges</a>, <a href="#">Concessionary Fees and Charges</a></p>
Recommendations	<p><b>THAT CABINET APPROVES :</b></p> <ol style="list-style-type: none"> <li><b>1. THE DRAFT BUDGET SAVINGS PROPOSALS SCHEDULE SET OUT AT APPENDIX 1 FOR CONSULTATION.</b></li> <li><b>2. THE PROPOSALS FOR OFFICERS TO SEEK FURTHER SOLUTIONS OF FUNDING OUTLINED IN APPENDIX 2 (PARAGRAPH 3).</b></li> </ol>

## 1.0 BACKGROUND

- 1.1 On 11 June 2013 Cabinet approved the Medium Term Financial Strategy (MTFS) for the four financial years 2014/15 to 2017/18. The MTFS showed that there was a funding shortfall in the General Fund of £2.4m by the end of March 2018.
- 1.2 This report updates on progress made in bridging the projected budget shortfall and makes recommendations on draft budget savings proposals for consultation.

## 2.0 MEDIUM TERM FINANCIAL STRATEGY (MTFS)

- 2.1 Since the MTFS was approved, the Government has made a number of significant announcements which impact on our savings targets.
- 2.2 The Government's 2015/16 Spending Round announcement appeared initially to have little impact on our MTFS assumptions. The following day however it emerged that £400m was being top-sliced from New Homes Bonus (NHB) funding to help fund £2bn for the

Single Local Growth Fund (SLGF) administered by the Local Enterprise Partnerships (LEPs). The way this will impact on individual authorities is unclear and the Government is currently consulting with local authorities on the method of “pooling” these resources. The reduction of £400m represents around 37% of the total NHB payments expected nationally in 2015/16. A 37% reduction in this Council’s NHB in 2015/16 increases the ongoing savings needed by £490k.

For financial planning purposes it is now assumed that the savings needed by 2017/18 will increase from £2.4m to £2.8m and that £1.5m of this will need to be implemented for the financial year 2015/16.

2.3 The Government issued a consultation document on 29 July 2013 outlining ways of allocating the reductions. There are three main proposals:

- Reduce allocations pro-rata for all councils.
- County Councils contribute all their New Homes Bonus. The Counties currently receive 20% of the total, district allocations represent 80%. Obviously under this option the reductions for this Council could be significantly less, perhaps nearer £250k rather than £490k.
- Committed expenditure on local growth priorities funded by New Homes Bonus might be taken into account. If this is agreed it is quite clear that most councils will argue that they have committed funds in this way so there might not be much change from pro-rata reductions.

2.4 The consultation closes on 19 September 2013 with the Government to publish its response within three months of that date. The outcome will be reported to Cabinet as part of a further budget report.

### **Council Tax Freeze Grant**

2.5 The Government has announced that the equivalent of a 1% Council Tax increase will be paid to councils which do not increase their Council Tax in 2014/15 and 2015/16. As in 2013/14 these grants are time-limited and only paid for two financial years. This contrasts with Council Tax increases which provide additional income forever once they are implemented, not just two years. Future ongoing revenue from Council tax increases is therefore many times greater than time-limited Government grants. The Council Tax Freeze Grant rules have yet to be confirmed for 2016/17 onwards and the MTFS assumes they will not change.

2.6 The MTFS approved In June 2013 assumed Council Tax increases of 1.5% in each of the four years 2014/15 to 2017/18 and no further Council Tax Freeze Grants. The Council Tax has not been increased since 2009; in 2013/14 it stayed at the same level for the fifth year in a row. The impact is relatively small, on a “Band D” property a 1.5% increase would be £3.30 a year or 28p a month.

### **3.0 PLANNING FOR THE FUTURE**

- 3.1. The Council has an excellent track record in making efficiencies and maintaining high quality services against a background of resources reducing year on year. Government Grants have fallen by £1.5m (18%) since 2007/08. At the same time we have made savings of £3.7m (26%) of which the vast majority, £2.9m (21%), was from reducing expenditure through internal efficiencies. We have also worked hard to maximise our income particularly by increasing recycling and selling professional services, including Legal Services, to other organisations.
- 3.2 In considering the very significant financial challenges for the Council over the four years to 2017/18, it was considered appropriate to set the scene of what the Council (as an organisation) could look like and also what its purpose may be in 2017/18. It was then considered what the key ingredients would be to ensure that the organisation was able to continue to deliver its statutory, frontline and support services to the highest standard.

In 2018, the Council will be:

1. Delivering frontline services to the highest standard affordable.
2. Designing and producing services with customers, stakeholders and partners
3. Delivering services with other agencies and organisations where best to do so / most efficient
4. Working successfully in partnership with Town and Parish Councils
5. Attracting year on year inward investment to the district area
6. The Partner of choice, with a strong reputation for delivery.

#### **3.3 The Council's frontline services**

The frontline services identified are:

1. Waste Services – recycling, refuse collection and street cleaning.
2. Housing Services – Landlord and Strategic
3. Leisure Centres
4. Revenues and Benefits
5. Planning Services
6. Environmental Health

#### **3.4 Matching resources to service delivery - the Financial Challenge**

The current projection is a savings target of £2.4 to £2.8 million by 2017/2018. The current estimation is that savings of £1.5 million need to be made for the financial year 2015/16. The services and functions which the council provides are all important and valued. However, the funding is no longer available to sustain the existing services as they are currently delivered. The Cabinet's budget proposals are designed to protect the Council's frontline services using a variety of strategies for budget reduction which will lead it to where it needs to be as an organisation in 2017/18.

## 4.0 SAVINGS PROPOSALS

- 4.1 Looking to the future the Council will now have to broaden the approach to achieving the significant savings needed and will no longer be able to rely on internal organisational reductions (with minimum customer impact). The MTFS report indicated that the budget shortfall would be bridged using a number of strategies including:
- Increasing existing and introducing new fees and charges for services
  - Minimal year on year Council tax increase
  - Pursue options for others to deliver some services, provide funding or these services will no longer be provided
  - Continue to challenge internal costs and expenditure across all services, taking in year opportunities to save
  - Further restrictions on filling job vacancies
  - Intensive monitoring for any changes in the savings target
- 4.2 Appendix 1 provides a schedule of budget savings proposals for 2014/15 which it is recommended Cabinet consults on (with a closing date of 8 November) before reconsidering them at its meeting on 10 December 2013 for onward recommendation to Council on 25 February 2014
- 4.3 Appendix 2 outlines the proposed solutions to the budget shortfalls in 2015/16. Specifically officers will engage with Public Sector partners, Town & Parish Councils, the business community and voluntary/community sector to seek any expressions of interest in funding or delivering the valued services in paragraph 3 of the appendix. The progress regarding the expressions of interest will be reported to Cabinet on 10 December 2013 (closing date 8 November 2013). The magnitude of the future year savings requires early preparation (a) to seek further solutions to the shortfalls for 2015/16 and (b) to implement the changes agreed by Council in February 2014 e.g. discussions with staff and trades unions as required (following the Council's Employee Stability policy), legal transfers and periods of notice to agencies which are dependent on funding.

## 5.0 REVENUE RESERVES

- 5.1 By 31 March 2014 it is projected the Council will have General Fund revenue reserves of just over £1m. The Council has agreed with the external auditor that it will need to retain a minimum level of £1m in reserves for them to be adequate. A further £2m is already earmarked for specific purposes including Asset Maintenance.
- 5.2 The Cabinet received details of the Provisional Financial Outturn for 2012/13 at its meeting on 23 July 2013. This included a summary of the resources available in the Value for Money Reserve and plans to spend it as part of the MTFS:

### Resources Available

	£000
Balance b/f 1.1.12	1,631
Budgeted contribution 2012/13	464
Spent in Year	(40)
Underspending 2012/13	<u>453</u>
Balance c/f 31.3.13	2,508

## Spending Plans

	£'000
Coalville Market	(-48)
Learning Pool (HR system)	(-10)
Added years pension	(-5)
Superfast broadband	(-54)
Stenson House installation	(-20)
Payroll/HR/finance system	(-60)
Growing Places contingency	-175)
Invest to save projects (future Cabinet reports)	(-1,180)
Improving Customer Experience (ICE)	-250)
Planning for the Future project	-742)
Pre-Talent Match Pilot Project	(-22)
Contributions to the Fund 2013/14	<u>58</u>
<b>Total commitments</b>	<b>(-2,508)</b>

- 5.3 If these resources were simply used to fund the projected budget shortfalls the reserves would be exhausted by 2015/16 and the ongoing funding gap would still exist.

## 6.0 CONSULTATION

- 6.1 The proposed timetable is set out in the table below:

Date	Action
24 September 2013	Cabinet considers the proposed programme of savings.
27 September 2013	Cabinet report circulated for consultation to interested parties.
2 October 2013	Policy Development Group considers the budget proposals
4 October 2013	Trades Unions Executive Consultation Group
8 November 2013	Deadline for responses to the proposals in Appendix 1 and expressions of interest regarding Appendix 2.
10 December 2013	Consultation responses considered by Cabinet.
11 February 2014	2014/15 Budget considered and recommended to Council by Cabinet
25 February 2014	2014/15 Budget considered and agreed by Council.

- 6.2 The draft budget proposals will be sent out to the Trades Unions/Staff, Local Strategic Partnership, Business Community, Town and Parish Councils, elected members as well as published on the Council's web-site following Cabinet approval.



Appendix 1A: Budget Efficiency Savings Summary 2014-15 (INWARD FACING SERVICES)

	<b>Lead Member</b>	<b>Service &amp; category i.e. Key Frontline/Statutory–non frontline/Support Services/Discretionary</b>	<b>Savings Proposal</b>	<b>£'000's Achievable</b>	<b>Potential Staffing Implications – yes/no?</b>	<b>Key Points Summary</b>
<b>1</b>	<b>Cllr Nick Rushton</b>	<b>Finance</b> <ul style="list-style-type: none"> <li><b>Support</b></li> </ul>	<b>General Fund Contingency:</b> Reduce level to £100k with effect from April 2014	<b>150</b>	<b>No</b>	This revised level of contingency has been calculated based upon historic spend and future estimates and is possible because of best management practice and contingency control. If the Council needs to defend a significant number of planning appeals, for example, or other business issues arise, then the Council may need to use reserves.
<b>2</b>	<b>Cllr Nick Rushton</b>	<b>All Services</b>	<b>Staffing Vacancy Rates:</b> Adjusting the level of vacancy rates in line with historical trends in agreed services. This allows the amount calculated to be taken out of those services' base budgets with effect from April 2014.	<b>50</b>	<b>No</b>	Adjusting staff vacancy rates, in line with historic spend, enables cost effective reductions to be made in the overall staffing budget.
<b>3</b>	<b>Cllr Roger Bayliss</b>	<b>Housing</b> <ul style="list-style-type: none"> <li><b>Key Frontline</b></li> </ul>	<b>HRA Costs:</b> Re-assessment of the charges made to the HRA for General Fund services.	<b>50</b>	<b>No</b>	Re-assessment calculations will be based upon benchmarking information from other comparable authorities.

Appendix 1A: Budget Efficiency Savings Summary 2014-15 (INWARD FACING SERVICES)

4	Cllr Alison Smith MBE	<ul style="list-style-type: none"> <li>Leisure and Cultural Services Discretionary</li> </ul>	<p><b>Coalville Special Expenses:</b></p> <p>Re-assessment of General Fund expenditure spent on Coalville Special Expense area activity</p>	25	No	<p>The current budget for Coalville Special Expenses will remain broadly unchanged at £417k. However, justifiable General Fund expenses will be re-allocated and the Coalville Special Expenses budget will need to adjust to compensate for this change. Discussions will take place with the Coalville Special Expenses Working Group to re-shape the programme to be delivered in 2014/15, e.g. by reducing current spend on some activities and seeking additional external funding/sponsorship for others.</p>
<b>TOTALS</b>				<b>£275</b>		

Appendix 1B: Budget Efficiency Savings Summary 2014-15 (OUTWARD FACING SERVICES)

	<b>Lead Member</b>	<b>Service &amp; category</b> i.e. Key Frontline/Statutory– non frontline/Support Services/Discretionary	<b>Savings Proposal</b>	<b>£'000's</b> <b>Achievable</b>	<b>Potential Staffing</b> <b>Implications –</b> <b>yes/no?</b>	<b>Key Points Summary</b>
1	<b>Cllr Alison Smith MBE</b>	<b>Waste Services</b> <ul style="list-style-type: none"> <li><b>Key Frontline</b></li> </ul>	<b>Green Waste collection:</b> Introduce charging for fortnightly Green Waste collection with effect from the 2015 season (March-October 2015)	<b>22</b>	<b>Yes</b>	<p>As per other local authorities in Leicestershire (Melton /Charnwood/Blaby), it is proposed to introduce Charges for Green Waste collections for the 2015 season. The charge will be £30 for each bin, discounted to £25 if paid by annual Direct Debit, with no concessions. The charge covers collections from 1<sup>st</sup> week in March 2015 until end of October annually. A full years income will be achieved in 2015/16 delivering an estimated £150,000 saving.</p> <p>For further details follow:  <a href="#">Green Waste Collection</a></p>

Appendix 1B: Budget Efficiency Savings Summary 2014-15 (OUTWARD FACING SERVICES)

2	Cllr Alison Smith MBE		<p><b>Unjustified missed bins: introduce and apply a Non Return Policy:</b> with effect from January 2014, this will mean that If residents do not present their bins on time they will not be collected until the next round.</p>	10	No	<p>Returning to collect bins that have not been presented on time by residents costs in excess of £10,000 per annum in fuel, staff time and vehicle wear and tear. Following the implementation of new in- vehicle technology, crews will record non presentation and will not return to collect bins which have not been presented on time by residents. A draft policy is being considered by the Policy Development Group on 2/10/2013.</p> <p>For further details follow:  <a href="#">Unjustified Missed Bins</a></p>
3	Cllr Alison Smith MBE	Car Parks	<p><b>Car park charges:</b> Car parking charges have remained unchanged since 2007. It is proposed to increase tariffs for 1hour/2 hours and All Day parking. The <b>3 hour tariff will remain unchanged.</b></p>	100	No	<p>Car parking changes have remained unchanged for the past 6 years. To increase the tariffs on 3 pricing categories will generate £100k income. 3 hour parking tariffs will remain unchanged. Council car parks in</p>

Appendix 1B: Budget Efficiency Savings Summary 2014-15 (OUTWARD FACING SERVICES)

						<p>Blackfordby, Castle Donington, Ibstock, Measham and Whitwick will remain completely free of charges.</p> <p><b>The proposed increased charges are set out below and would be with effect from 1 April 2014:</b></p> <p><b>1hr - from 50p to 60p</b></p> <p><b>2hrs - from 80p to £1.00</b></p> <p><b>All Day from - £2.00 to £2.20</b></p> <p>For further details follow:  <a href="#">Car Park Charges</a></p>
4	Cllr Richard Blunt	<p><b>Communications</b></p> <ul style="list-style-type: none"> <li><b>Support Services</b></li> </ul>	<p><b>Cease Vision magazine</b>          – Move to maximising communication through existing more cost effective channels.</p>	21.25	Yes	<p>During the consultation period, there will be an assessment of the use of other sources of “hard copy” including existing newsletters from the Council, Town and Parish Councils and local community groups.</p>

Appendix 1B: Budget Efficiency Savings Summary 2014-15 (OUTWARD FACING SERVICES)

5	Cllr Alison Smith MBE	<p><b>Leisure, Waste and Environmental Health Services:</b></p> <p><b>Concessionary Fees and Charges</b></p>	<p><b>Concessionary Fees and Charges:</b> Change the level of discount applied to certain concessions with effect from April 2014: Bulky Waste Removal; Casual Swimming and some aspects of Pest Control.</p>	10	No	<p>In line with other Leicestershire authorities, it is proposed to change the level of discount applied to some concessionary fees and charges. Free casual swimming will remain for children under 5 and for people with disabilities.</p> <p>For further details follow:</p> <p><a href="#">Concessionary Fees and Charges</a></p>
6		<p><b>Multiple Services:</b></p> <p><b>Service Efficiencies</b></p>	<p>Maximise efficiencies through in-year staffing and operational changes, as they occur.</p>	75	No	<p>This will be achieved from staffing changes which occur in-year, some of which have already been achieved, and bring about opportunities to rationalise and refocus duties and staffing levels in services. It will also include operational service changes which can be delivered with minimal impact on direct service provision.</p>

Appendix 1B: Budget Efficiency Savings Summary 2014-15 (OUTWARD FACING SERVICES)

7	Cllr Richard Blunt	<p><b>Democratic Services and Cultural Services:</b></p> <p><b>Chairman's Function</b></p>	<p><b>Review Chairman's function :</b> The cost and delivery of this function will be reviewed</p>	15	Yes	<p>The full range of duties carried out by the Chairman of the Council will be reviewed and more cost effective ways of delivery identified. This will mean that the future role will be to:</p> <ul style="list-style-type: none"> <li>• primarily chair Council meetings</li> <li>• attend a reduced number of events in Leicestershire on behalf of the Council and:</li> <li>• Support the Remembrance Day service</li> </ul>
	<b>TOTAL</b>			<b>253.25</b>		

The approach to meeting future savings targets is outlined below and in principle will entail:

- 1 Changes to fees and charges:**
  - Increasing existing and introducing new fees and charges for services to increase local income
- 2 Council Tax increase:**
  - A minimal year on year Council tax increase
- 3 Transferring service delivery or seeking new sources of funding:**
  - Pursuing options for others to deliver some services (e.g. Town and Parish Councils and Voluntary/Community Sector organisations). The following will be considered initially:
    - I. Tourist Information Centre
    - II. Community events
    - III. Community leisure schemes (Ibstock and Castle Donington)
    - IV. CCTV
    - V. Ashby Toilets
- 4 Service Efficiency:**
  - Internally - challenging and reducing internal costs and expenditure further across all services taking in - year opportunities to save in the following areas:
    - I. Democratic Services
    - II. Planning Policy Team
    - III. Human Resources/Payroll computer system
    - IV. Property Services
    - V. ICT Services
    - VI. Performance and Projects Team
    - VII. Print Room Services
    - VIII. Post Room Services
    - IX. Procurement Services



- X. Finance Services
- XI. Legal Services
- XII. Stronger and Safer Team
- XIII. Business Focus Team
- XIV. Street Action Team
- XV. Cultural Services
- XVI. Sport & Physical Activity Team
- XVII. Pest Control Service