

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 DECEMBER 2013

Title of report	GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS 2014/15 AND 2015/16
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of report	To update Cabinet on the consultation responses received on its 2014/15 and 2015/16 General Fund and Special Expenses revenue budget proposals and seek agreement on the direction of travel for the proposals. The proposals will receive further consideration at Cabinet on 11 February 2014 and recommendation to Council on 25 February 2014.
Reason for Decision	To enable the Council to set a balanced budget as required by law.
Council Priorities	The budget assists the Council to achieve all its priorities.
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Assessment Human Rights	As contained in the report. The budget is relevant to all Corporate Action teams (CATs). The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned. The requirement for equalities impact assessments is being assessed during the consultation process and details will be provided as part of the management responses. None identified.
Transformational Government	Not applicable

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	Business community, Town and Parish Councils, staff, Trade Unions, General Public through the Council's website, public sector partners, colleges, the National Forest, Federation of Small Businesses, voluntary/community sector.
Background papers	Consultation Responses Cabinet Report 24 September 2013 Cabinet Report 11 June 2013 – Medium Term Financial Strategy
Recommendations	<p>CABINET IS RECOMMENDED TO :</p> <ol style="list-style-type: none"> 1. AGREE THE BUDGET PROPOSALS CONTAINED WITHIN APPENDIX 1. 2. AGREE THE BUDGET PROPOSALS AND AMENDED RECOMMENDATIONS CONTAINED WITHIN APPENDICES 2 TO 2(I). 3. NOTE THE DIRECTION OF TRAVEL AS CONTAINED WITHIN APPENDIX 3. 4. ENDORSE THE PROPOSED PREPARATORY WORK REGARDING THE 2015 - 2016 BUDGET AS OUTLINED IN PARAGRAPH 3.4 OF THE REPORT. 5. RECONSIDER RECOMMENDATIONS 1-4 AS PART OF THE FULL BUDGET REPORT ON 11 FEBRUARY 2014.

1.0 INTRODUCTION

1.1 General Fund and Special Expenses budget proposals for 2014/15 and 2015/16 were considered by Cabinet on 24 September 2013 and approved for consultation with staff, Trade Unions, business community, the general public, public sector partners, colleges, the National Forest, the Federation of Small Businesses, the voluntary/community sector and Parish/Town Councils.

The results of that consultation are detailed within the appendices and can be found in full in the background papers.

1.2 This report summarises progress made since the last Cabinet report was prepared and provides details of the budget consultation responses so that appropriate recommendations can be developed for Council for the Budget and Council Tax for 2014/15 and direction of travel for 2015/16.

- 1.3 The projected budget shortfall of £500,000 for 2014/15 and future year projections previously reported reflect our current understanding. This may change when the Government issues its Provisional Local Government Finance Settlement later this month. Any changes to the projections will be reported to Cabinet on 11 February. For financial planning purposes the Council is still expecting that it will need to save £1.5m by 2015/16 and over £2.8m by 2017/18.
- 1.4 Under the revised Business Rates retention mechanism the level of Government funding is not ultimately confirmed until after the end of the financial year when the actual level of Business Rates are reported. This is a significant change from having grant settlements fixed before the start of the financial year and means that the Council's financial planning is impacted by the volatility of local business rates income. Under the new arrangements district councils are allocated 40% of increases and decreases in Business Rates. There is also a system of levies and safety nets which reduces our share of increases to 20% but at the same time provides a safety net which limits our losses to 7.5% of our funding baseline which for this authority works out at £157k.
- 1.5 The approved budget is rigorously monitored by Cabinet and the Corporate Leadership Team (CLT) during the financial year through quarterly performance monitoring so that any potential overspendings can be identified at an early stage and remedial action taken to deal with them. The monitoring also checks that the required savings are being achieved.

2.0 GENERAL FUND 2013/14 – PROJECTED OUTTURN

- 2.1 The second quarter Performance Report which was presented to the Cabinet on 19 November 2013 showed a projected under spend of £537k. The most significant savings are from anticipated reductions in contingency spend (£150k) and one-off Development Control/Planning income (£200k). Significant savings on Employee Costs are also projected. Cabinet will receive a further update, based on Quarter 3, before it recommends the setting of the 2014/15 Revenue Budget in February.
- 2.2 These under spends have been analysed as per previous years to identify which are following a pattern and can be considered as part of the budget proposals (see paragraph 2.3). The others are either unpredictable or completely one-offs.
- 2.3 The Cabinet's budget proposals for 2014/15 incorporate the following:
- Reduction in contingency spend
 - Reductions in employee budgets through the increase in vacancy rates

The additional Planning fee income cannot be relied upon to be built into the base budget.

- 2.4 Ordinarily any in-year under spend would be transferred to the General Fund balance at the year end. The General Fund Balance is at an adequate level and our strategy for utilising any projected savings in 2013/14 will include a number of options. In recent years savings made early have been transferred to the Value for Money Reserve and then allocated to Invest to Save projects.

- 2.5 Given the changing emphasis away from nationally determined income to locally generated income there may be an opportunity to consider the under spend differently. This will be considered by Cabinet in February 2014.

3.0 CONSULTATIONS ON REVENUE BUDGET SAVINGS PROPOSALS

- 3.1 The approval from Cabinet in June 2013 of the Medium Term Financial Strategy (MTFS) for the four financial years 2014/15 to 2017/18 showed that there was a funding shortfall in the General Fund of £2.4m by the end of the March 2018. A Government announcement during the summer on the reallocation of New Homes Bonus in 2015/16 necessitated an increase in the target to just over £2.8m. Of this, £1.5m has to be found by April 2015. To meet this shortfall, budget saving proposals for 2014/15 and the direction of travel for 2015/16 were put forward in the General Fund Revenue Budget – Draft Proposals report that was presented to Cabinet on 24 September 2013.
- 3.2 In order to seek opinions on these proposals, a consultation process took place from 25 September 2013 to 8 November 2013 asking for comments to these proposals and alternative suggestions on how this shortfall can be met. Consultation responses were received through a dedicated web form, via email or letter, and directly by Councillors and members of staff. Consultation also took place with Unions, Public Sector Partners, Town and Parish Councils, the business community and voluntary/community sector to seek any expressions of interest in funding or delivering services.
- 3.3 Projected delivery of the agreed proposals will be through the Planning for the Future Programme (PFF). There will be a project management approach taken in planning and delivering the savings once agreed by Council.
- 3.4 The revised Medium Term Financial Strategy projects a budget shortfall of approximately £1m in 2015/16. It is likely that any proposed savings will need a significant lead-in time to implement. It is against this background that the Section 151 Officer considers it would be prudent for officers to commence actively seeking to identify the savings for 2015/16 as early as possible. The usual and required process of Cabinet consideration and consultation will be followed with a view that any proposals will be put in train from July 2014 thereby ensuring that that any savings are able to be realised from April 2015. The results of this process will feed into the usual budget setting process for the financial year 2015/16. Without this timetable there is a risk that there would be insufficient savings in place to balance the 2015/16 budget. The Council will be requested to approve this approach when it agrees the budget in February 2014. The remainder of the budget process is unaffected. Base budgets will be compiled in the usual way and the PFF work will inform the Cabinet and Council's decision to balance the budget.
- 3.5 In light of the consultation responses received the Cabinet is asked to consider five principle areas as follows:

3.5.1 Green Waste:

78 responses were received to the consultation, including comments from Policy Development Group. As a result of the consultation it is now recommended:

- To introduce a fee of £30 (reduced to £25 if paid by Direct Debit) for the fortnightly collection of 240l garden waste bins

- To introduce a fee of £25 (reduced to £20 if paid by Direct Debit) for residents who currently have or wish to change to the smaller 140l garden waste bin. This would reduce the annual forecast of £150,000 in savings down to £126,000. However, this proposal may increase demand for the service which has not been factored in at this stage.
- To operate the garden waste collection service from the beginning of March until the end of November annually, commencing March 2015. This recommendation is giving residents an extra two collections from the original proposal at no extra cost. This would cost approximately £12,000 but based on historic tonnages of garden waste collected through November it would result in an extra £12,000 worth of income through recycling credits. Therefore, this proposal would be cost neutral.
- To investigate extending the £5 direct debit discount to include all forms of payment made on-line via the Councils web-site.

3.5.2 Car Park Charges:

Very few public responses were received to the original budget proposals. However comments were received from the Coalville Town Team. In considering all the consultation responses it is now recommended:

- To implement car park fees and charges from 01/04/14 as follows - 1 hr tariff to 60p, 2 hr tariff to £1.00, 3 hr tariff unchanged, all day tariff to £2.20
- To continue working with the Coalville Town Team and the Belvoir Centre owners on future car parking proposals for Coalville
- To assess the viability of introducing new methods of payment including pay on exit and use of new technology such as number plate recognition and Smartphones for all car parks.

3.5.3 Community Partnership Grants

There has been limited comment on the proposal to remove the one-off Community Partnership Grant. Whilst the impact of this reduction in funding is noted, it is also noted that considerable funds have been available from other external sources and many community groups have been successful in securing those funds. Therefore it is now recommended:

- To undertake annual reviews of all Community Partnership Grants to seek efficiencies and/or cash savings.
- To cease the one-off Community Grants fund from 1 April 2014 and disband the Grants Review Working Party.

3.5.4 Chairman's function

Responses were received to the consultation, including comments from the Coalville Special Expenses Working Party. As a result of the consultation it is now recommended:

- The Chairman will continue to:
 - (a) Chair the meetings of the Council with the continued support of Democratic Services.

- (b) Attend, on behalf of the Authority, a number of events in Leicestershire at which the cost does not exceed an annual budget of £700.
 - (c) Support Remembrance Day.
 - (d) Attend flag raising events in North West Leicestershire.
 - (e) Attend the Buckingham Palace garden party
 - (f) Receive administrative support and assistance with diary management from Democratic Services.
- The following areas of the chairman's function will no longer be funded:
 - (a) Civic church service
 - (b) Carol service
 - (c) Chauffeur driven car
 - (d) Civic dinner
 - (e) Attendance at events outside Leicestershire
 - (f) Hosting events such as town twinning and charity cheque presentations.
 - (g) Biographical leaflet.

3.5.5 Re-allocation of funds from Coalville Special Expenses.

These proposals have been the subject of discussion at the Coalville Special Expenses Working Party and at Cabinet. In light of the comments received it is now recommended:

- That the £25,000 re-allocation from General Fund to Coalville Special Expenses is progressed
- That a further meeting of the Events Task & Finish group be held to finalise the specific reductions proposed for decision at February 2014 Cabinet. That the Portfolio Holder be invited in order to discuss Remembrance Day and all proposals/suggestions received.

3.6 The consultation responses and management comments on them are summarised in the appendices as follows:

Appendix 1 – Budget Proposals on which no consultation responses were received

Appendix 2 – Budget Proposals on which consultation responses were received

Appendix 2A – Green Waste

Appendix 2B – Car Park Charges

Appendix 2C – Concessionary fees and Charges

Appendix 2D – Community Partnership Grants

Appendix 2E – Vision Magazine

Appendix 2F – Chairman's function

Appendix 2G – Savings/Staffing proposals

Appendix 2H – HRA Costs

Appendix 2I – Coalville Special Expenses

Appendix 3 – Comments received on the "Direction of Travel" from 2015/16 onwards.