



# LANCASTER CITY COUNCIL

*Promoting City, Coast & Countryside*

Cabinet

Tuesday, 4 October 2016

The following reports were received too late to be included on the main agenda for this meeting and were marked 'to follow'. They are now enclosed, as follows:

Agenda Item Number	Page	Title
11	1 - 6	2016/17 BUDGET SAVINGS MONITORING - UPDATE TO 30 SEPTEMBER 2016

**CABINET**

**2016/17 Budget: Savings & Growth Monitoring –  
Update to 30 September 2016**

**04 October 2016**

**Report of the Chief Officer (Resources)**

PURPOSE OF REPORT				
To provide an update on the budgeted net savings approved as part of the 2016/17 budget.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public.				

**OFFICER RECOMMENDATIONS:**

(1) That Cabinet notes the report.

**1. 2016/17 Budget Savings and Growth Monitoring**

- 1.1. Further to the request of Cabinet at the last meeting, this report provides an update (as at the end of September 2016) on the savings and growth approved as part of the last budget process.
- 1.2. The forecast position has changed from that previously reported (to the end of June 2016), in that the assumed shortfall for 2016/17 has increased by £100K to £635K, with the shortfall for 2017/18 increasing by £35K to £49K. The following table shows the areas that have changed since the last monitoring report; they are primarily as a result of alternative options being explored or other management action being taken, with a further small change as a result of improving customer take-up for a service. More explanation is included overleaf:

2016/17 and 2017/18 Summary Position	2016/17 Full Year Projection £'000	2017/18 Full Year Projection £'000
Net Shortfall against Budgeted Savings as previously reported – (position as at June 2016)	+535	+14
<i>Changes:</i>		
<i>Corporate Property – Energy Efficiency Works</i>	+35	(30)
<i>Litter Enforcement Services</i>	+60	+60
<i>Cashless Parking</i>	+5	+5
<b>Current Forecast Net Shortfall (position as at 30 September 2016)</b>	<b>+635</b>	<b>+49</b>

### 2. Reasons for Changes

- 2.1. *Corporate Property – Energy Efficiency Works.* The majority of the works relate to Salt Ayre Sports Centre and are being taken forward alongside the developer partners for the overall redevelopment works. This has inevitably delayed the start of the planned works – current estimates are that implementation will take place during that last quarter of 2016/17. Whilst this worsens the savings outlook for this year, it does improve prospects for next year. Until such time as detail design and procurement have been completed, however, timescales remain subject to change.
- 2.2. *Litter Enforcement Services.* In the light of the scheme Morecambe Town Council have in place, officers are exploring whether a similar option might be more appropriate than using a private contractor. The overriding desired outcome is a cleaner district, which will in itself generate some efficiencies, savings and income. Therefore, options that might achieve this whilst avoiding potential conflict with other priorities (such as increasing visitors) are being explored and will be presented to Cabinet in due course. At present though, it is assumed the £60K additional income will not now be achieved in either year. Thereafter, as the budget does not assume any continuation of the pilot, there are no implications arising for years 2018/19 and beyond.
- 2.3. *Cashless Parking.* This growth item of £5K per year provides an alternative payment method to customers. Due to the success of the service the volume of users has exceeded expectations, but the down side to this is that the service costs more to provide, through transaction charges. At present, the additional cost is forecast to be £5K extra per year with the current contract running until September 2019. There will be options to explore, in due course, regarding future payment methods and whether savings can be made through channel shift or other means.
- 2.4. **Appendix A** provides a full breakdown of all the 2016/17 approved savings and growth together with their latest financial position and associated comments.

### 3. Overall Financial Position

- 3.1. The full financial monitoring position for Quarter 2 will be presented to Cabinet in November, leading into the formal mid-year update for the Council's Medium Term Financial Strategy (MTFS). As part of that update, any necessary referrals on to Council will be made; this would include any budget savings or growth matters that require Council's reconsideration.
- 3.2. Prior to that, it is important to put the latest savings and growth position in some context, to give an overall view. For simplicity and in the absence of any more up to date information, the Quarter 1 June position has been used to help provide an overall picture, as summarised in the following table:

<b>2016/17 and 2017/18 Summary Position</b>	<b>2016/17 Full Year Projection £000's</b>	<b>2017/18 Full Year Projection £000's</b>
Quarter 1 Reported Net Underspending (allowing for net shortfall against budgeted savings to 30 June)	(3)	(619)
Changes now identified to 30 September (from previous table)	+100	+35
<b>Updated Budget Forecasts: Net (Under) / Over (+) Spending</b>	<b>+97</b>	<b>(587)</b>
Option to cover any Net Overspending: Use of Business Rates Reserve	(381)	--

- 3.3. This shows that the latest changes to savings and growth forecasts would mean an initial overspending of £97K in 2016/17, and an underspending of £587K in 2017/18 (drawing on the future charging of green waste, included elsewhere on the agenda). If need be, however, the 2016/17 position could be managed by using some of the £381K set aside in the Business Rates Reserve. Cabinet may recall from Quarter 1 monitoring that the £381K funds in this reserve are no longer needed for their original purpose, because of the extra renewable energy rating income flowing through from the current year.

#### 4. Conclusion

- 4.1. This report is for information and therefore no options are presented. Whilst the budgetary position is forecast to worsen to a degree, that is dependent to some extent on future Member decisions and in any event, there are sufficient funds available to manage the projected overspending in the current year.

#### RELATIONSHIP TO POLICY FRAMEWORK

None directly arising from this report.

#### CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None directly arising from this report.

#### LEGAL IMPLICATIONS

None directly arising from this report.

#### FINANCIAL IMPLICATIONS

As set out in the attached.

#### OTHER RESOURCE IMPLICATIONS

**Human Resources / Information Services / Property / Open Spaces:**

None directly arising from this report. It has previously been reported that there is a need to

ensure sufficient capacity to deliver all savings and growth (as well as all other work demands) and work continues on assessing this. Inevitably therefore, associated risks remain regarding the achievement of budget savings and growth.

**SECTION 151 OFFICER'S COMMENTS**

This report is in the name of the s151 Officer, albeit in her capacity as Chief Officer (Resources).

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None.

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GENERAL FUND - 2016/17 APPROVED SAVINGS AND GROWTH MONITORING

Appendix A

Approved Savings					Comments on Variances	2017/18 Approved Budgeted Savings	Updated 2017/18 Projections
	Income Generation	Current Budget	Full Year Projection	Full Year Variance		£	£
	Environmental Services	£	£	£			
	Charging for Splash Park Admission	0	50,000	50,000	↓ Scheme now delayed until January 2017. Officers are working to procure the most suitable system. Therefore, the £50K budget income will not be achieved in 2016/17, but will be secured in future years.	(56,500)	(56,500)
	Charging for Event Applications	(2,000)	(400)	1,600	↓ Implemented on 01 April 2016. Based on current bookings, estimated income for the year will be below target. It is however expected to be achieved in future years.	(2,000)	(2,000)
	Charter Market	(2,700)	(2,500)	200	↓ Current projections anticipate Charter Market income to be down 8% for the year overall, which means around £200 of the above inflation increase will not be achieved. It is anticipated that this will continue for future years. Officers are working on ways to try to rectify this.	(2,800)	(2,600)
	Festival Market	(9,900)	(9,700)	200	↓ Current projections anticipate Festival Market income to be down 2% for the year overall, which means around £200 of the above inflation increase will not be achieved. It is anticipated that this will continue for future years. Officers are working on ways to try to rectify this.	(10,100)	(9,900)
	Bulky Waste	(6,600)	(6,600)	↑	↑ Implemented and on target.	(6,700)	(6,700)
	Bins and boxes (current policy)	(9,000)	(9,000)	↑	↑ The demand for new/replacement bins has dropped significantly, therefore fully compensating savings in respect of purchasing have been achieved	(9,200)	(9,200)
	Extending Charging Policy for bins and boxes (all households)	(92,300)	(92,300)	↑	↑ The demand for new/replacement bins has dropped significantly, therefore fully compensating savings in respect of purchasing have been achieved	(94,100)	(94,100)
Green Waste - charging for Collection						(870,000)	(878,700)
Electric Car Charging Points - Introduction						(10,000)	(10,000)
Health & Housing						(14,700)	(14,700)
Disabled Facilities Grant Admin. Fees - Increase to 18%						(25,000)	(25,000)
Pest Control - Additional Contracts						(1,000)	(1,000)
HMO Licence Fees - Cease Refunds						(7,000)	(7,000)
Cemetery Fees - Increase by additional 3%						(1,000)	(1,000)
Statutory Notices (Housing Act 2004) Fee Increase							
Resources							
Charging for Credit Card Payments						(25,000)	0
Sub Total						(1,135,100)	(1,118,400)
Invest to Save Schemes							
Health & Housing						(400,000)	(400,000)
Salt Ayre Sports Centre - Developer Partnership							
Resources						(40,100)	(69,700)
Corporate Property - Energy Efficiency Works							
Sub Total						(440,100)	(469,700)

		Current Budget	Full Year Projection	Full Year Variance	R A G	Comments on Variances	2017/18 Approved Budgeted Savings / Growth	Updated 2017/18 Projections
Approved Savings	<b>Service Efficiencies and Reductions</b>							
	<b>Environmental Services</b>							
	Management & Administration Restructure	(93,800)	(93,800)		↑	Implemented and on target. Initial restructure is in place with future changes planned.	(100,000)	(100,000)
	Building Cleaning Review	0	0		↑	The review is progressing and future savings are still on target to be achieved.	(10,000)	(10,000)
	CCTV - Termination of Contracts	0	0		↑	Implemented. All contractors associated with providing and maintaining the public space CCTV system have been notified of the Council's decision to cease operating the system from March 2017. Further report to Cabinet following informal expressions of interest from other parties to keep the CCTV system operational as per option from Council	(177,700)	(177,700)
	Cease Winter Bedding	(45,000)	(45,000)		↑	Implemented - saving already achieved. Scheme in place if community groups/business want to fund bedding as per option from Council.	(45,900)	(45,900)
	Parish Toilets - 50% Reduction in Contributions	(14,600)	(14,600)		↑	Implemented - saving already achieved.	(14,900)	(14,900)
	<b>Litter Enforcement Services - 12 Month Pilot</b>	<b>(60,000)</b>	<b>0</b>	<b>60,000</b>	↓	In the light of the scheme Morecambe Town Council have in place, officers are exploring whether a similar option might be more appropriate than using a private contractor. A successful outcome is a cleaner District, which will in itself generate some efficiencies, savings and income. Therefore, options that might achieve this which do not conflict with other priorities (eg increasing visitors) are being explored and will be presented to Cabinet in due course. At present though. it is assumed the £60K income will not now be achieved.	(60,000)	0
	<b>Governance</b>							
	Grants to VCFS - LESS Grant Funding Withdrawal	(4,300)	(4,300)		↑	Implemented - saving already achieved. Funding withdrawn.	(4,300)	(4,300)
	<b>Health &amp; Housing</b>							
	Community Pools - Termination of Management Responsibility	157,800	157,800		→	Underway - notice periods being discussed with County Council. Also, discussions have been taking place between officers, the schools, Sport England, Amateur Swimming Association and Lancashire Sport. Further updates will be provided to Members in due course.	(176,700)	(176,700)
	Sports Development - Reduction in Service	(9,300)	(9,300)		↑	Restructure undertaken and team reduced to 3 with effect from 03 June 2016. Full saving achieved.	(50,500)	(50,500)
	International Youth Games - Withdrawal	(59,900)	(59,900)		↑	Implemented - saving already achieved. The position has been confirmed with partner countries that the Council has withdrawn from current and future years games.	(27,200)	(27,200)
	Marsh Community Centre - Funded from HRA	(13,700)	(13,700)		↑	Implemented - saving already achieved. Funding now provided from within the HRA.	(14,000)	(14,000)
	<b>Regeneration and Planning</b>							
	Events - Funding Reductions	0	0		↑	Implemented - savings will take effect from April 2017.	(22,700)	(22,700)
	<b>Resources</b>							
	Finance Section - Restructuring	(23,300)	(23,300)		↑	Restructure in place by 01 April 2016 with the full saving being achieved. Delays in recruitment have generated further savings which have been incorporated into the overall council wide salary savings total (although with knock on service impact).	(24,300)	(24,300)
	Internal Audit - Restructuring	(21,700)	(21,700)		↑	Restructure in place by 01 April 2016 with the full saving being achieved. Again, delays in recruitment have generated further savings which have been incorporated into the overall council wide salary savings total (again with knock on service impact).	(21,900)	(21,900)
	<i>Sub Total</i>	<i>(187,800)</i>	<i>(127,800)</i>	<i>60,000</i>			(750,100)	(690,100)
	<b>Re-Financing Options</b>							
	Capital Programme Financing (MRP)	(375,000)	(375,000)	0	↑	Implemented - saving already achieved.	(343,000)	(343,000)
	<b>TOTAL</b>	<b>(1,160,800)</b>	<b>(530,900)</b>	<b>629,900</b>			<b>(2,668,300)</b>	<b>(2,621,200)</b>
Approved Growth	<b>Environmental Services</b>							
	<b>Cashless Parking</b>	<b>5,000</b>	<b>10,000</b>	<b>5,000</b>	↓	Implemented - contract now in place until September 2019. Volume of users of service has exceeded expectations which has resulted in a doubling of the cost. However, the service is being transferred to the County contract w.e.f. September 2016, which will allow the City Council to benefit from more preferential rates for fees associated with taking electronic payments for the service.	5,100	10,100
	<b>Regeneration &amp; Planning</b>							
	Development Management Capacity	69,900	69,900		↑	Implemented - additional funding for permanent posts added to 2016/17 and future years budgets.	72,200	72,200
	MAAP - Euston Rd, Marine Rd Central, Queens St, Victoria St.	0	0		↑	Schemes are progressing, however certain elements will now be delivered by the County Council and some have slipped into 2017/18. As a result the cost of financing will reduce in future years, but the exact amount is still to be determined.	3,000	?
	<b>Resources</b>							
	Digital Workplace	100,000	100,000		↑	Adapt2Digital have been engaged to assist with the strategic approach being taken to develop the digital workplace and transformation generally. Two workshops have already taken place and two more are taking place in August.	?	?
	<b>TOTAL</b>	<b>174,900</b>	<b>179,900</b>	<b>5,000</b>			<b>80,300</b>	<b>82,300</b>
<b>Budgeted Net Savings ⇒</b>		<b>(985,900)</b>	<b>(351,000)</b>	<b>634,900</b>	<b>⇐ Variance to Budget</b>		<b>(2,588,000)</b>	<b>(2,538,900)</b>
<b>Compared to Quarter 1 reported position</b>				<b>534,800</b>			<b>Potential Budget Shortfall for 2017/18</b>	<b>49,100</b>
<b>Increase in Shortfall</b>				<b>100,100</b>			<b>Compared to Quarter 1 reported position</b>	<b>13,600</b>
							<b>Increase in Shortfall</b>	<b>35,500</b>