

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
Current Forecast Net Shortfall (position as at 30 September 2016)	+635	+49

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:

2016/17 and 2017/18 Summary Position	2016/17 Full Year Projection £000's	2017/18 Full Year Projection £000's
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
Updated Budget Forecasts: Net (Under) / Over (+) Spending	+97	(587)
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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