

Confident, Capable Council Scrutiny Panel

16 November 2016

Report title	Draft Budget and Medium Term Financial Strategy 2017/18 - 2019/20	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
	Councillor Milkinder Jaspal Governance	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor	Director of Finance
	Tel	01902 554410
	Email	Mark.Taylor@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendation(s) for action or decision:

The Panel is recommended to:

1. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget 2017/18, in particular those elements that are relevant to this Scrutiny Panel, including specifically:
 - a) the Budget Reduction and Income Generation Proposals summarised at Appendix A.
 - b) the Financial Transactions and Base Budget Revisions summarised at Appendix B.
 - c) the other underlying assumption to the 2017/18 Draft Budget as detailed at Appendix C.
2. Approve that the Scrutiny Panel response be finalised by the Chair and Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

1.0 Purpose

- 1.1 The purpose of this report is to seek the Panel's feedback on the Draft Budget 2017/18 including the related Budget Reductions and Income Generation Proposals, Financial Transactions and Base Budget Revisions and underlying Medium Term Financial Strategy (MTFS) assumptions that was approved by Cabinet to proceed for formal consultation and scrutiny stages of the budget process, as appropriate, on 19 October 2016.

2.0 Background

- 2.1 At its meeting on 19 October 2016, the Cabinet considered the Draft Budget for 2017/18. Cabinet approved this as the basis for budget consultation and scrutiny over the forthcoming months.
- 2.3 The Cabinet report recommended that Budget Reduction and Income Generation Proposals amounting to £13.5 million in 2017/18 proceed to the formal consultation and scrutiny stages of the budget process. The proposals that fall within the scrutiny remit of this Panel are shown at Appendix A.
- 2.4 The Cabinet report further identified that £10.0 million of Financial Transaction and Base Budget Revisions be incorporated into the 2017/18 Draft Budget. The Revisions that fall within the scrutiny remit of this Panel are shown at Appendix B.
- 2.5 Included at Appendix C is the other underlying assumption that impacts on the 2017/18 Draft Budget, that falls within the remit of this Panel, for example inflationary, demographic and pay related pressures.
- 2.6 It is important to note that any budget reduction and income generation proposals approved as part of prior year budget setting processes have already been scrutinised and approved by Cabinet and are therefore, already included in the MTFS.
- 2.7 As detailed in the Cabinet report, the 2017/18 Draft Budget will be considered by Scrutiny Panels during the November/December round of meetings and the feedback from those meetings will be reported to Scrutiny Board on 13 December 2016, which will consolidate that feedback in a formal response to Cabinet on 18 January 2017. The feedback provided to Scrutiny Board will include questions asked by Panel members, alongside the responses received. Cabinet will take into account the feedback from Scrutiny Board when considering the final budget setting report in February 2017, for approval by Full Council in March 2017.
- 2.8 In order to limit the volume of paper used as part of the budget reporting process, the Cabinet report has not been appended to this covering report. Panel members are instead requested to bring their copy of the Draft Budget and Medium Term Financial Strategy 2017/18 - 2019/20 report, which was circulated with the 19 October 2016 Cabinet agenda.

Detail of all the Council's individual savings proposals, including the latest to be considered by Cabinet on 19 October 2016, can be found on the council's website at: <http://www.wolverhampton.gov.uk/budgetsavings>

3.0 Proposals relating to the work of this Panel

- 3.1 Included in the Draft Budget strategy are budget reduction and income generation proposals and financial transaction and base budget revisions relating to the remit of this Panel. These are listed at Appendices A and B. The Panel is requested to provide and record its comments on these proposals, for submission to Scrutiny Board and then Cabinet.
- 3.2 In addition to commenting on these specific savings, the Panel may also request additional information or clarification in relation to the budget and MTFS. Any such requests will be noted separately, either for consideration by the Panel at a future date, or for information to be forwarded to the Panel members concerned.

4.0 Financial implications

- 4.1 The financial implications are discussed in the body of the report, and in the report to Cabinet.
[MH/08112016/E]

5.0 Legal implications

- 5.1 The legal implications are discussed in the report to Cabinet.
[RB/08112016/F]

6.0 Equalities implications

- 6.1 The equalities implications are discussed in the report to Cabinet.

7.0 Environmental implications

- 7.1 The environmental implications are discussed in the report to Cabinet.

8.0 Human resources implications

- 8.1 The human resources implications are discussed in the report to Cabinet.

9.0 Schedule of background papers

- 9.1 Draft Budget and Medium Term Financial Strategy 2017/18 – 2019/20, report to Cabinet, 19 October 2016

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

Resources

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Cease Printing Residual Pay Slips To phase out printed payslips and replace with a self-serve alternative that is accessible to all employees.</p>	(20)	-	-
<p>Audit Services, Insurance and Health & Safety Restructure To restructure the service area in order to ensure that it remains modern and cost-effective.</p>	(50)	-	-
<p>Procurement Restructure Restructure of Procurement team to reduce management costs through the deletion of a vacant post.</p>	(50)	-	-
<p>Corporate Administration Review To achieve efficiencies in administration processes across the Council.</p>	(50)	(250)	-

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

Governance

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Organisational Development Reduction in the cost of providing Organisational Development (OD) function through the use of different delivery models and alternative management structures.</p>	(500)	-	-
<p>Further Development of YOO Recruit Entering into a management partnership to further the development and trading of Yoo Recruit.</p>	(200)	-	-
<p>Governance Service Restructure Rationalisation of staffing arrangements.</p>	(80)	-	-
<p>Review of External Legal Fees The proposal is to review Legal Service's current external legal fees which are charged to other organisations/partners, so that they are in line with other local authorities and the private sector. This will in turn generate income.</p>	(70)	-	-
<p>School Admission Appeal Fees Maximise income opportunities through appeals for academies and review the Service Level Agreement (SLA).</p>	(20)	-	-

Appendix B

Financial Transactions and Base Budget Revisions

Resources

Details	2017/18 £000	2018/19 £000	2019/20 £000
Revenues & Benefits – grant income	(100)	100	-
Special Dividend – Birmingham Airport	(3,500)	3,500	-
ICTS Contract Efficiencies	(100)	-	-
Revised assumptions regarding Pension Auto-enrolment – re-phasing to 2018/19	(1,000)	1,000	-
Revision to Pension Cost assumptions including further pension contributions in 2017/18 in order to secure on-going savings	2,088	1,000	-
Adjustment to assumptions around PFI savings	(220)	-	-
Revisions to incremental pay provision	(1,250)	(1,000)	(750)
Re-profile insurance inflation provision	(200)	200	-
Revisions to inflation contingency	(1,000)	-	-
Reassessment of the impact of interest rates on the Treasury Management Budget	(1,890)	(640)	-
Senior Management increments voluntarily foregone	(30)	-	-
Removal of budgeted contribution to the Bad Debt Provision	(200)	-	-

Appendix B

Financial Transactions and Base Budget Revisions

Details	2017/18 £000	2018/19 £000	2019/20 £000
Senior Management Restructure	(200)	-	-

Appendix C

2017/18 Draft Budget Assumptions

Details	2017/18 £000	2018/19 £000	2019/20 £000
Budget Growth			
Pay Related Pressures – including pay award, increments and pension costs.	13,256	2,092	4,150
Treasury Management – including interest costs and the provision for the redemption of debt, also referred to as Minimum Revenue Provision (MRP).	2,455	14,309	164
Insurance Arrangements – forecast increase in Insurance Premiums in 2017/18.	200	-	-
West Midlands Integrated Transport Authority Levy	135	137	-
Anticipated rise in NNDR	145	145	-
Anticipated rise in gas prices	68	68	-
Anticipated rise in electricity prices	94	94	-
Corporate Inflation Contingency – linked to Financial Transaction and Base Budget Revision above.	1,500	1,500	4,000
Apprenticeship Levy – the forecast additional cost arising from the introduction of the Apprenticeship Levy in April 2017.	600	-	-