

Vibrant and Sustainable City Scrutiny Panel

08 December 2016

Report title	Draft Budget and Medium Term Financial Strategy 2017/18 - 2019/20	
Cabinet member with lead responsibility	Councillor Peter Bilson City Housing and Assets	
	Councillor Steve Evans City Environment	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor	Director of Finance
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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 assumptions 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 Reduction 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.
- 2.2 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.
- 2.3 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.
- 2.4 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.
- 2.5 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.
- 2.6 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.
- 2.7 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 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 proposals, 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.
- 3.3 The proposals relating to waste and recycling will be reported in further detail in a separate report presented at this meeting.

4.0 Financial implications

- 4.1 The financial implications are discussed in the body of the report, and in the report to Cabinet.
[MH/11112016/Z]

4.0 Legal implications

- 5.1 The legal implications are discussed in the report to Cabinet.
[TS/11112016/E]

5.0 Equalities implications

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

6.0 Environmental implications

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

7.0 Human resources implications

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

8.0 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

City Housing and Assets

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Facilities Management As the hard and soft facilities management activities have been consolidated within the Corporate Landlord service delivery model there will be further opportunities to generate efficiency savings, as well as increased income generation. These will be identified through a customer-led review of services provided to the council and schools as well as external customers.</p>	(500)	-	-
<p>Commercial Estate Income Through the implementation of the Strategic Asset Plan, effective data management and continuous challenge of the commercial portfolio, the following can be achieved: accelerated letting of new properties, additional income from former HRA (Housing Revenue Account) shops, reduction in rent arrears and increased recovery of bad debts, robust management and monitoring of void properties to minimise loss of income and recovery of service charges and to challenge/maximise and redefine the use of the Strategic Consultancy Partnership ensuring value for money in estate management.</p>	(500)	-	-
<p>Corporate Landlord Review Phase 2 Detailed reviews undertaken into service areas within Corporate Landlord, as part of a wider service development plan, indicate additional savings may be available by removing current vacant posts. These reviews are supported by officers in Procurement, Business Change and Transformation and will ensure staff structures remain relevant and efficient to deliver the Corporate Landlord service delivery model. It is anticipated that improvements in processes, systems and centralised data will ensure that any post reductions are viable and without risk.</p>	(100)	-	-

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Review of Homelessness & Tenancy Sustainment Services To improve the customer journey for homeless applicants and people at risk of homelessness through the redesign of front-line housing functions. The proposals will also strengthen the Council's strategic housing function enabling it to respond to the increasing level of street homelessness, benefit changes and pressures on council and other affordable housing, through effective strategies and commissioning.</p>	(100)	(100)	-

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

City Environment

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Reduce Leisure subsidy To reduce the subsidy of the leisure facilities operated by WV Active by a further £500,000. This will be enabled by targets for increasing membership, reviewing all club hire agreements and of all current activities, together with the introduction of new activities and maximising income generation opportunities. This will be supported by the continued transformation of WV Active, focussing on the customer journey and improving the whole customer experience.</p>	(500)	-	-
<p>Review of Waste & Recycling In view of a government grant ending from April 2017, and subject to consultation, the proposal aims to reduce the cost of the kerbside waste collection service. The main areas of focus are:- - frequency of collections - feasibility of continuing a food waste collection service - potential of charging for the collection of garden waste - bin types, colours, usage. The final proposals for a revised service will take the findings of a comprehensive public consultation and an Equalities Analysis into account. Any changes to the current service could be implemented on a phased basis from April 2017 onwards. This is dependent on both the consultation and negotiations with the current provider. Transition from the existing service to a new service will require the establishment of a project team to implement the new arrangements and deliver the public communications required to advise residents of the changes. Investment in new bins may also be necessary.</p>	(600)	(300)	(300)

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Environmental Service Efficiencies A comprehensive review will be undertaken of all environmental service functions including parking services, highway maintenance, pest control, parks activities and Bereavement Services in order to identify budget reduction and income generation opportunities. These proposals are likely to impact upon current maintenance standards across these key front line services by reducing frequencies of maintenance and, in some cases, ceasing some maintenance activities completely, although mitigation will be considered by utilising more effective data to revise current working patterns and practices, however, we are not reviewing the frequency of the grounds maintenance and street cleansing services.</p>	(500)	-	-
<p>Review of Transport/Fleet An external review has been undertaken of the operation of the Council's vehicle workshops and passenger transport fleet, including staff travel. It has identified potential efficiency savings through reduced staff travel costs, reduction in the size of the Council's vehicle fleet, a reduction in external vehicle hire together with improved parts and spares procurement. As well as efficiency savings, some of the savings will be delivered through reducing the demand for services in line with our strategy to promote independence.</p>	(500)	-	-
<p>Highways Management Use of surplus generated in 2015/16 and to introduce the planned third phase of bus lane enforcement.</p>	(750)	500	-
<p>Active Management of Car Park Usage To review car parks in the City by increasing the turnover of spaces. This will encourage motorists to adopt short term parking throughout the day. In turn this should discourage long term commuter parking, and maintain sufficient spaces for shoppers.</p>	(200)	-	-

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Savings in Regulatory Services through Agile Working Delivery of efficiencies associated with the implementation of agile working techniques and methods within the City Environment; Public Protection (Formerly Regulatory Services) Service.</p>	(100)	-	-
<p>Develop Commercial Opportunity for use of Existing Facilities at Northcote Farm This proposal involves the creation of a facility suitable for (amongst other things) the holding of post-funeral wakes following a cremation or burial at Bushbury Crematorium. The savings target of £100,000 is based upon predicted income levels.</p>	(100)	-	-

Appendix B

Financial Transactions and Base Budget Revisions

City Housing and Assets

Details	2017/18 £000	2018/19 £000	2019/20 £000
Utilities and Rates from surplus/disposed buildings	(400)	-	-
Removal of inflationary allocation for Carbon Reduction Commitment	(31)	(31)	-
Adjustment to assumptions regarding Council Tax growth in base	(211)	(211)	(211)
Adjustment to assumptions regarding New Homes Bonus growth	(150)	(150)	(150)

City Environment

Details	2017/18 £000	2018/19 £000	2019/20 £000
Removal of Inflationary allocation for Landfill Tax	(144)	(144)	-

Appendix C

2017/18 Draft Budget Assumptions

Details	2017/18 £000	2018/19 £000	2019/20 £000
Budget Growth			
Inflationary Pressure – Waste Management Partnership	164	164	-
Inflationary Pressure – Waste Disposal Contract	142	142	-
Inflationary Pressure - Grounds maintenance and street scene budgets for South West Contract	73	73	-
Inflationary Pressure – Carbon Reduction Commitment – linked to Financial Transaction and Base Budget Revision above.	31	31	-
Inflationary Pressure – Supplementary increase in Landfill Tax announced by the Government – linked to Financial Transaction and Base Budget Revision above.	144	144	-
Inflationary Pressure –Leisure PFI costs are anticipated to rise in line with energy costs nationally.	90	92	-