

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 18th December 2017

CONTACT OFFICER: Neil Wilcox: Director of Finance and Resources
01753 875358

WARD(S): All

PORTFOLIO: Cllr Nazir: Cabinet Member for Corporate Finance and Strategy

PART I **KEY DECISION**

2018/19 MEDIUM TERM FINANCIAL STRATEGY – TRANCHE 1 SAVINGS PROPOSALS

1 Purpose of Report

To note the Council's latest Medium Term Financial Strategy and agree the approval of savings proposals for inclusion in the 2018/19 Revenue Budget and Medium Term Financial Strategy.

2 Recommendations

The Cabinet is requested to resolve that:

- a) The Medium Term Financial Strategy contained within the report be noted.
- b) The savings listed in Appendix A be approved.
- c) The alignment between the Medium Term Financial Strategy and Five Year Plan at section 6 and the draft outline framework for the refresh of the Five Year Plan for 2018/19 – 2022/23 at Appendix B be noted.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

This report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of excellent governance within the Council helps to ensure that it is efficient, effective and economic in everything it does. It helps to achieve the corporate objectives by detailing how the Council is delivering services to its residents within the financial parameters of the approved budget.

3b Five Year Plan Outcomes

This report helps achieve all of the outcomes.

4 Other Implications

- (a) Financial

The financial implications are contained within this report.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	N/A	N/A
Property	N/A	N/A
Human Rights	N/A	N/A
Health and Safety	N/A	N/A
Employment Issues	N/A	N/A
Equalities Issues	N/A	N/A
Community Support	N/A	N/A
Communications	N/A	N/A
Community Safety	N/A	N/A
Financial	N/A	N/A
Timetable for delivery	N/A	N/A
Project Capacity	N/A	N/A
Other	N/A	N/A

(c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Council's responsibilities to provide minimum levels of provision in key areas. The set of savings proposals for 2018/19 do not recommend any savings that will affect the council's ability to carry out its statutory functions. However, Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions. All the savings proposals included within this report will be closely monitored throughout the financial year and reported to Cabinet via the quarterly Financial Monitoring reports.

(d) Equalities Impact Assessment

EIA's will be completed for all saving proposals for the Council report.

(e) Workforce

Where necessary the Council has a number of measures to minimise compulsory redundancies including;

- Developing staff skills to redeploy to alternative roles.
- Obtaining staff savings from deletion of vacant posts.
- Opportunities for Voluntary Redundancies.

The Revenue Budget is built on the assumption that there will be no significant impact on staffing.

5 Supporting Information

5.1 Current Year Position

For the current year (2017/18) the general revenue budget was set at £100.48m with a band D council tax of £1,274.54. This was an increase of 4.71% which included the government's 3% precept for Adult Social Care. The latest in-year budget monitoring is showing an over spend of £1.0m.

- 5.1.2 2018/19 is set to be another difficult year financially for the Council, with a continued reduction in Government funding, as well as an increased demand for Council services. The Council has managed to, wherever possible; protect Council services whilst ensuring that there is sufficient budget for the next financial year to deliver its key outcomes.
- 5.1.3 There remain difficult years ahead for the Council due to the financial pressures that it faces, but the budget for the 2018/19 ensures that the Council's finances are based on solid footings for the future.
- 5.1.4 This paper sets out the draft revenue budget for 2018/19 and the associated plans and assumptions contained within it.

Chart 1: Funding summary

No.	2017/18	Funding	2018/19	2019/20	2020/21
	£m		£m	£m	£m
1	52.48	Council Tax	54.77	56.43	58.13
2	30.30	Retained Business Rates	30.80	30.91	31.22
3	13.18	Revenue Support Grant	9.68	6.12	6.12
4	0.26	Education Services Grant	0.00	0.00	0.00
5	3.20	New Homes Bonus	3.29	2.30	2.04
6	1.36	Other non-ring fenced grants	1.00	1.00	1.00
7	-0.30	Collection Fund	0.00	0.00	0.00
8	100.48	Total Budgeted income	99.54	96.59	98.35
9	103.73	Prior year baseline (adj.)	100.48	99.54	96.59
10	2.70	Base budget changes	2.70	2.70	2.70
11	2.90	Directorate Pressures	0.00	0.00	0.00
12	0.33	Revenue Impact of Capital Investment	0.25	0.75	0.75
13	3.23	Other adjustments	0.00	0.00	0.00
14	-12.41	Savings identified	-5.27	-7.29	-1.84
15	0.00	Additional Growth available	1.39	0.89	0.15
16	100.48	Net Expenditure	99.54	96.59	98.35

5.2 Income

- 5.2.1 The Council, as highlighted in Chart 1, above, has the following main sources of income:

NNDR (Business Rates)

- 5.2.2 The amount of retained Business Rates is determined by the Council's best estimates of the amount it calculates it will receive in Business Rates for the year ahead and submitting these estimates to central government. The government then allows the Council to retain 49% of this income, subject to a further tariff that the Council must pay Central Government. For 2018/19 the tariff has been set at **£19.3m** (in 2017/18 the tariff was £18.8m). The Government sets the tariff based on the historical average of business rates collected set against the level of spend the Government believes the Council should have. If, ultimately, Business Rates receipts are greater than the estimate, the Council retains 30% of this growth. However, if Business Rates decrease, the Council is liable for 50% of the reduction from its submitted estimate.

Revenue Support Grant (RSG)

- 5.2.3 The Council also receives Revenue Support Grant (RSG) direct from central government. RSG is determined, and comes from, Central Government and consists of Government's expectation of what the Council should spend in line with the Government's deficit reduction plans.
- 5.2.3.1 The Council will receive £9.68m in RSG in 2018/19. In 2017/18 the Council received £13.18m.
- 5.2.3.2 There is a duty on Local Authorities to set a balanced budget under the Local Government Finance Act 1992. If the final settlement is delayed the Council should set a budget within the deadline by using the best available information. If there are any substantial changes in the amount of funding received by the Council at the final settlement, the Section 151 Officer will use reserves to balance the overall budget.

Council Tax

- 5.2.4 Another main source of Council income is derived from Council Tax receipts. The overall amount raised is based on the Council Taxbase (i.e. the number of properties in the borough). There is a report elsewhere on this agenda outlining the Taxbase position for 2018/19. The council has increased its Council Tax in line with the new ASC precept, at 3%. There is no Council Tax increase to fund all other services. This leads to an assumed Council Tax income of **£54.77m** for the Council in 2018/19.

Specific Grants

- 5.2.5 The Council also receives income from specific Government grants. The Council budgets for an anticipated nil net cost on these specific grants; i.e. that all expenditure will be contained within the income received from Government and that the local Taxpayer does not fund these activities.
- 5.2.6 Specific grant income streams are generally announced as part of the provisional Local Government Finance Settlement which is expected in mid December. The total amount of non-ring-fenced Government Grants anticipated for 2018/19 is **£4.29m**. Grants included are the New Homes Bonus (£3.29m) and Section 31 Business Rates Grant for NNDR (£1m)

Collection Fund

- 5.2.7 The final factor to take into account is the Collection Fund. This is a statutory account which details the actual income received in respect of Council Tax and retained business rates compared to estimates. At present this is anticipated to breakeven for 2018/19.
- 5.2.8 The total income available to the Council for the 2018/19 for its net budget is therefore **£99.9m**.

5.3 Summary Position

- 5.3.1 The MTFS shows that there is currently £1.39m available for additional growth in 2018/19.
- 5.3.2 Any Growth required over and above the £1.39m will have to be funded by equivalent savings.

6 The Medium Term Financial Strategy and the Five Year Plan

- 6.1.1 The Medium Term Financial Strategy and Five Year Plan are closely connected. We refresh the Five Year Plan each year along with the budget to ensure we have clarity about the budget for the year ahead, and, through the Five Year Plan, clarity about the priority outcomes against which resources will be allocated.
- 6.1.2 The process to refresh the Five Year Plan for 2018/19 – 2022/23 is being taken forward with full Cabinet involvement. As part of this the priority actions to achieve the outcomes and the indicators used to track progress will be reviewed to ensure they are up to date.
- 6.1.3 An outline of the Five Year Plan is attached at Appendix C. The final text of the refreshed Five Year Plan will be submitted to Cabinet on 5 February 2018 with the Budget for approval.

7 Conclusion

The result of the work to date is that if Cabinet approves the opportunities put to them at this meeting then this will be the delivery of £5.27m of savings (Appendix A).

8 Appendices Attached

- A List of savings for approval at this Cabinet
- B Draft outline – Five Year Plan

9 Background Papers

None

Savings For Approval

Ref	Outcome	Directorate	Service	Cost Centre	Service Lead	Latest Position				Savings Item	Service Delivery	2017/18 R A G Rating
						18/19	19/20	20/21	21/22			
						£'000	£'000	£'000	£'000			
1		Regeneration	Regeneration delivery		S Gibson	583				Asset Management - Rental Income	there is an opportunity to increase rent for Crown Court 65k, ,in addition to startegic acquisitions 115k and remainder on comercial properties rents	GREEN
2		Adult and Communities	Adult Social Care - Operations		S Broad	800				Managing Demand (Duplicate with item 36 below??)	Delivering a range of changes as part of the reform of social care to reduce the overall demand for care and support including: - reassessments - continuing care assessments - reablement - direct payments	GREEN
3		Adult and Communities	Adult Social Care - Commissioning		C Brewin			150	200	Extra Care Housing	Delivery of new extra care housing service in 2020/21 will deliver new ways of meeting needs at reduced costs compared to care home and people living in own home. Capital investment of £1m in the capital programme.	GREEN
4		Adult and Communities	Adult Social Care - Commissioning		C Brewin	32				Redesign of supported employment service	Redesign and reprocurement of the service	GREEN
5		Finance and Resources	Governance		F Narmh	25				Corporate Procurement	Following a review of the resource needs of the procurement team, a proposed level 5 post is now surplus to requirement and hence a decision to delete that post and commit the associated funding as savings. Further, the depature of the AD for procurement's salalary together with the legal cost of the his exit arragement has generated a total savings of £25K	GREEN
6		Place and Development	Building Management		A Thomas	350				Recharging of Staff Time to Capital Projects	Over a number of years the volume of works in Capital projects increased and we are able to generate more income through recharging staff time. The proposed increse in income target will better represent the actual income is received.	GREEN
7		Adult and Communities	Communities and Leisure		K Gandhi	323	1,321	(155)		Leisure Services - leisure contract management savings	Following the re-letting of the leisure contract to a new provider - Everyone Active (SLM) the council has negotiated a favourable financial situation over the next 10 years of the contract. At present the savings put forward have taken into account ongoing business rates payments for buildings still to be occupied. Ongoing discussions with the valuation team may be more favourable but at this stage cannot be confirmed. In addition there could still be pressures on the revenue budget from ongoing legal disputes with the incumbent provider SCL. There are also small savings from contract negotiations on the TVAC contract	GREEN

Appendix A (Cont.)

Savings for Approval

Ref	Outcome	Directorate	Service	Cost Centre	Service Lead	Latest Position				Savings Item	Service Delivery	2017/18 R A G Rating
						18/19	19/20	20/21	21/22			
						£'000	£'000	£'000	£'000			
9		Finance and Resources	Governance		S Thobhani	122				Legal Services	Deletion of Vacant posts offset by Monitoring Officer Post Costs	GREEN
14	3	Place and Development	Environmental Services		NH	54	0	0		30% reduction - new collection/disposal methods		AMBER
17	3	Adult and Communities	Communities and Leisure		PW	88	88	0		£300k cost neutral for the Curve + service efficiencies (@10%) -		AMBER
21	4	Place and Development	Neighbourhood Services		JG	82	0	0		Review of management structure to delivery the SAFE services or other alternative delivery		GREEN
22	4	Place and Development	Neighbourhood Services		JG	50	0	0		Income generation through the delivery of a Licensing Service for private landlords, housing associations etc		GREEN
34	5	Finance and Resources	Strategy & Performance		D Tyler	54	0	0		Deletion of Policy support for children's services and education		AMBER
49	ALL	Below the Line	Below the Line		NW	225	50	0		Increased Treasury Management Returns	Through amendments to the TM Strategy. Deliverable so long as the capital programme remains constrained for General Fund schemes as these will quickly erode the overall Treasury Management portfolio.	GREEN
51	7	Place and Development	Planning and Transport		SD	8	8	0		At least a 35% reduction in subsidy through additional income from decretionary work, expected increase in application numbers off the back of local plan review/growth agenda and review of fees and charges.		AMBER
52	3 Slough will be an attractive place where people choose to live, work and visit	Place and Development	Planning and Transport		SD	11	11	0		Reduction in subsidy through additional income from pre-application and increased planning application numbers off the back of the local plan review/growth agenda.		GREEN
53	3 Slough will be an attractive place where people choose to live, work and visit	Place and Development	Planning and Transport		SD	4	0	0		Savings from reducing specialist consultancy support by training existing staff to undertake both petroleum licensing and environmental permitting.	Phased training programme and some reallocation of work within the team.	GREEN
54	ALL	Place and Development	Building Management		CD	10	10	0		Additional income - Maximise Use of Office Space	Embed flexible and mobile working to get better use of office space. Develop commercial approach to floor space at SMP through external lettings. Range of options being considered.	GREEN
55	ALL	Place and Development	Building Management		CD	5	5	0		FM Contracts Review	Review all FM Contracts to establish if savings can be made.	GREEN
60	None	Adult and Communities	Regulatory Services		GDH	30				Review of management structure to delivery the SAFE services or other alternative delivery		AMBER
61	None	Finance and Resources	Finance		NW	60	35			Audit fee reductions		AMBER
65	3 Slough will be an attractive place where people choose to live, work and visit	Place and Development	Planning and Transport		SD	2	3			Re-negotiate landfill monitoring contract		GREEN

Appendix A (Cont.)

Savings for Approval

Ref	Outcome	Directorate	Service	Cost Centre	Service Lead	Latest Position				Savings Item	Service Delivery	2017/18 R A G Rating
						18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000			
66	None	Finance and Resources	Strategy & Performance		NW	308	0			Restructure of Finance and Resources		AMBER
80	ALL	Finance and Resources	Finance		NW	(4,758)				2017/18 SUR: One off profit share	Through the Slough Urban Renewal schemes, dividend is provided on a one-off site by site basis after costs.	GREEN
81	ALL	Regeneration	Regeneration delivery		JC	3,639	(3,639)			2018/19 SUR: One off profit share	Through the Slough Urban Renewal schemes, dividend is provided on a one-off site by site basis after costs.	GREEN
82	ALL	Regeneration	Regeneration delivery		JC		8,924	(8,924)		2019/20 SUR: One off profit share	Through the Slough Urban Renewal schemes, dividend is provided on a one-off site by site basis after costs.	GREEN
83	ALL	Regeneration	Regeneration delivery		JC			11,443		2020/21 SUR: One off profit share	Through the Slough Urban Renewal schemes, dividend is provided on a one-off site by site basis after costs.	GREEN
84		Adult and Communities	Communities and Leisure		PW	(780)				Libraries' Contract Overpayment (one-off)	No change to service delivery	GREEN
85		Finance and Resources	Governance		S Thobhani	200				Increase internal legal capacity to reduce spend on external legal advice (Net position)		GREEN
87		Regeneration	Regeneration delivery		S Gibson	700				Strategic Acquisition board	Full year effect of 2017/18 investments	GREEN
88		Regeneration	Regeneration delivery		JC	600	(75)	(1,125)		SUR small sites		GREEN
89		Place and Development	Building Management / Planning and Transport		AT / SD	150				Charging Staff time to capital		GREEN
90		Regeneration	Regeneration delivery		JC	200	200	100		Income Generation		AMBER
91		Place and Development	Environmental Services		RW	150	250	350		Sell services to other local authorities		AMBER
92		Place and Development	Planning and Transport		SD	50				LED Lighting - HRA Contribution		GREEN
93		Regeneration			JC	100	100			Sponsorship of Town Centre assets		AMBER
94		ALL			ALL	640				2017/18 Senior Management Restructure		GREEN
95		ALL			ALL	450				Reduction in Agency Staff		GREEN
95		ALL			ALL	700				Service Lead Reviews		GREEN
Total Savings						5,268	7,290	1,839	200			

Appendix B

Five Year Plan 2018/19-2022/23 Draft outline

1. Leader's Foreword

2. Introduction and vision

- Vision - Growing a place of opportunity and ambition
- Opportunities and challenges
- Purpose of the Five Year Plan
- Our values

3. Our priority outcomes – putting people first

- Overview of each of the outcomes
- Key priorities against each outcome for the year ahead
- Medium and longer term ambitions over the next five years
- Our five priority outcomes
 - Slough will be a great place for children and young people to grow up
 - Our people will become healthier and will manage their own health, care and support needs
 - Slough will be an attractive place where people choose to live, work and visit
 - Our residents will have access to good quality homes
 - Slough will attract, retain and grow businesses and investment to provide jobs and opportunities for our residents

4. Making this happen – how we will do this

- Role of the council
- Working with communities, customers and partners
- Making the most of our assets, income and resources
- Digital transformation and smarter services
- Supporting our workforce
- Our values

5. The budget

- Link between Five Year Plan and the Medium Term Financial Strategy
- The budget for 2018/19
- Where our income will come from

6. Keeping track of progress

- Key Performance Indicators (KPI's) for Slough
- Balanced scorecard