



COUNCIL: 19 October 2016

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**Report of: Chief Executive**

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**SUBJECT: GENERAL REVENUE ACCOUNT POLICY OPTIONS 2017-18**

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Wards affected: Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To consider financial performance in the current year, and to report the results of the Policy Options 2017/18 consultation before agreeing a final set of Policy Options for implementation.

## **2.0 RECOMMENDATIONS**

- 2.1 That the financial performance at the mid year point as set out in Appendix 1 be noted.
- 2.2 That the results of the Policy Options consultation set out in Appendices 2, 3 and 4 be noted.
- 2.3 That the Policy Option proposals set out in Appendix 5 be approved, and that a Policy Option on Car Allowances be considered from the range of potential measures set out in Appendix 6.
- 2.4 That the Chief Executive and Heads of Service be given authority to take all necessary action in connection with the implementation of the approved proposals.
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## **3.0 BACKGROUND**

3.1 The Council has been going through an extended period of reducing resources primarily as a result of significant reductions in its government grant funding. This period began in 2009 and in response an Organisational Downsizing Initiative was implemented in that year to deliver ongoing annual savings of £1.753m. Over the four year period 2011-15, the Council then delivered a series of large scale saving programmes that have delivered further ongoing annual savings of around

£5m. Similarly the GRA faced a budget gap of £1.3m in 2015-16, and has agreed a further package of efficiencies, additional income and savings of £1.7m for the current 2016-17 financial year. This has been a period of unprecedented change for the GRA and there is an expectation that savings will continue to need to be made until at least 2020.

- 3.2 A Policy Options report was presented to the July Council meeting that set out a forecast budget gap of £1.437m for 2017-18. This report then identified a range of measures including proposals to maximise income opportunities, seek efficiencies and economies, and procurement savings, which reduced the budget gap to £0.873m. The July report then set out a further series of potential options for consultation, which are summarised below.

<b>Code</b>	<b>Policy Option / Initiative</b>
OP9	Introduce an annual charge of £30 to collect garden waste
	Charge £25 per year per bin to have an extra green bin emptied
	Stop garden waste collections between November and February
OP10	Remove static recycling sites across the borough
OP11	Review of mechanical sweeping and street cleansing prestige work
OP12	Reduce the time period for discretionary Council Tax Discounts on empty properties by half
OP13	Rationalise public toilet provision to reduce costs by 50%
OP14	Reduce live monitoring of CCTV in off peak/ quieter periods
OP15	Remove essential user lump sum car allowance and consider payment of mileage rates based on the existing casual user mileage rate or the HMRC rate
OP16	Remove some of the CCTV cameras in areas with lower crime rates

- 3.3 While every effort has been given to maximising efficiencies and income generation, the scale of the GRA budget gap means that options have to be considered that will have an impact on the public, current service and performance levels, and members of staff. However these Policy Option proposals have been designed to minimise these effects given the level of savings that need to be identified.

#### **4.0 BUDGET MONITORING MID YEAR REVIEW**

- 4.1 It is our standard practice to review financial performance at the mid-year point to ensure that budgets are being effectively controlled so that any issues can be addressed in a timely fashion. The latest financial monitoring against GRA budgets is now projecting an overall favourable variance of £0.220m or 1.7%, and a breakdown of this position by individual service area is provided in Appendix 1. The majority of the permanent ongoing budget savings that were achieved in 2015/16 have been built into the budget for 2016/17, and consequently the current year's projected favourable budget variance is lower than that achieved in the previous year.

- 4.2 The projections have been calculated on a prudent basis, and consequently it can be confidently expected that the Council will meet its budget targets. This will continue our track record of managing our financial performance to ensure that the outturn position is in line with the budget.
- 4.3 The GRA faced a significant budget gap for the 2016/17 financial year in terms of the spending required to maintain agreed service levels and the resources that were expected to be available. To address this position a series of measures worth £1.7m were agreed by the Council in July 2015, October 2015, and February 2016. These measures include management restructuring savings, efficiency improvements, savings from contract renegotiation, the budget streamlining initiative to reduce costs without an impact on services, additional income and in certain limited cases the reshaping of services. This package of measures is now being implemented and overall good progress is being made on delivering the necessary savings, and this is reflected in the positive financial performance being achieved.
- 4.4 Consideration will be given to how this favourable budget variance should be used as part of next year's budget setting process, and possible uses could include allocating this funding to support the budget position for 2017/18.

## **5.0 CONSULTATION**

- 5.1 The Council has a duty to consult and involve representatives of local persons and others, where appropriate, in the exercise of its functions. In line with these requirements the Council carried out consultation earlier this year to gather the views of local residents and stakeholders. Just over 1,100 people responded to the Citizens Survey and there were 54 responses to the Stakeholder Survey. These survey results provided important information about views on the services where people thought savings should be made, and these results have been considered in developing policy options.
- 5.2 A further consultation exercise has been undertaken specifically on a range of policy options contained in the July Council report. This consultation was undertaken through two online surveys and with paper copies of the surveys available upon request. There was one survey for individual residents and one for stakeholder organisations and community groups. This consultation was promoted in a variety of ways including: press releases issued to local newspapers; on the Council website; working in partnership with West Lancashire CVS who made all the organisations they are involved with aware of the consultation; and emails sent directly to parish councils, public sector organisations, and businesses. 548 responses were received to the 2016 Meeting the Budget Challenge consultation for residents, as well as 35 emails or letters about proposals in the consultation. In addition 38 responses were received to this consultation from organisations, as well as 2 emails about proposals in the consultation. Reports on these consultation results are provided in Appendices 2 and 3.
- 5.3 The resident survey results are set out in Appendix 2 and show that there is relatively strong agreement for the options on reducing the time period for Council Tax Discounts, and removing static recycling sites from across the Borough. The savings proposals with the strongest level of disagreement in the survey are the introduction of an annual garden waste charge and the removal of CCTV

cameras in areas with lower crime rates. A petition has also been received signed by 963 people, of which 641 have been submitted online via GoPetition, calling for the proposal to introduce a garden waste collection charge to be withdrawn.

- 5.4 The purpose of the consultation was to provide residents with the opportunity to give their views on the Council's budget proposals and provide insight into any impact these would have. It should not though be considered a statistically representative piece of research which represents the views of all residents in the Borough. Given the significant increase in the level of response in 2016 compared to previous years' surveys, some caution should also be applied when reviewing the analysis and findings, as an open-access consultation has the potential for self-selection bias from residents with strong views on particular issues or services.
- 5.5 The results of the stakeholder survey are set out in Appendix 3. The savings proposal with the strongest level of disagreement amongst stakeholders is the removal of CCTV cameras in areas with lower crime rates. From the comments received this appears to be because of the role organisations feel CCTV can have on deterring crime and the impact of other budget cuts relating to community safety, including police presence. More organisations agreed than disagreed with all of the other savings proposals, with the exception of the proposal to introduce a charge for the collection of green waste, where support was more evenly balanced.
- 5.6 In addition to the surveys of residents and stakeholders, consultation was also undertaken with employees on the proposed changes to car allowances. This included consultation with the Trade Unions as well as providing individual members of staff with the opportunity to comment. Details on these consultation responses are provided in Appendix 4. Unison have reported a strong adverse reaction from their members to the proposal to remove the essential user lump sum allowance for a range of reasons including the financial hardship it would cause. No response was received from the GMB to this consultation. The responses received from individual members of staff are more mixed and raise a variety of different matters. No significant objections have been raised to changing the mileage rate that is paid to the HMRC rate, which is lower in most cases than the current arrangements.

## **6.0 FINAL POLICY OPTIONS FOR 2017/18**

- 6.1 The Council is facing a very difficult medium term financial position as are most other local authorities. In addition to the £0.873m remaining budget gap for 2017/18, the Medium Term Financial Forecast has identified an estimated budget gap of a further £2m over the period 2018-19 to 2019-20. Consequently once next year's budget position has been balanced there will be further work required to identify significant additional efficiencies, income and savings proposals. Taking this position into account, and considering the consultation results as well as other relevant factors, a final set of policy options is proposed in Appendix 5. This recommends approving all of the policy options with the exception of the proposal to stop garden waste collection between November and February.
- 6.2 Appendix 6 sets out a number of alternative approaches on Car Allowances, and Members are asked to consider selecting one of these options, taking into account the financial savings that it could generate as well as the impact on

employees and staff morale. In response to the consultation it is also intended to consider a review of the way in which employees' car user status is determined to ensure that it is consistent and appropriate.

## **7.0 ISSUES**

- 7.1 The Policy Option proposals would involve the deletion of one post in relation to the Review of Mechanical Sweeping and Street Cleansing Prestige Work. The consultation with staff and unions that has taken place over this proposal has identified that this change should be able to be dealt with through redeployment and consequently it is not expected that it will result in any job losses.
- 7.2 The introduction of a charge for garden waste is likely to impact on activity levels, and consequently a staffing review would take place in the future once this new system has been established. This review would need to consider whether staffing levels for this service area should be reduced and consequently could have an impact on jobs. Every effort will be made to manage this situation by the use of redeployment wherever possible, and by considering expressions of interest in voluntary reduced hours, voluntary redundancies, and other mechanisms as set out in the Council's HR policies. The effectiveness of the Council's HR policies can be demonstrated by the fact that there have been no compulsory redundancies in recent years. This strong track record in managing organisational change, when combined with the relatively small proportion of staff that would be affected, should mean that the staffing review could be implemented with a minimal impact on jobs.
- 7.3 There has been a regular dialogue with the Trade Unions in line with best practice and a number of meetings have taken place to discuss these proposals in detail.

## **8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 8.1 Every effort will be made through the Policy Option process to minimise the impact of the need to make budget savings on priority areas. Creating a sustainable budget is a priority for all organisations and this report seeks to achieve this.

## **9.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 9.1 If the proposals in this report are approved it will reduce the value of the budget gap for 2017/18 to between £0.233m and £0.313m (depending on the specific proposal selected on car allowances). Consideration on how this remaining budget gap can be closed will take place through the detailed budget setting process, which will run up until the February 2017 Council meeting when the full budget for 2017/18 will be set. This process will look at a range of issues including potential council tax rises, increases in fees and charges, new efficiency initiatives, further budget streamlining, how the projected favourable budget variance in the current year should be used, as well as the Reserves policy.
- 9.2 Looking further forward the Medium Term Financial Forecast is projecting a budget gap of £1.562m for 2018/19, and £0.473m for 2019/20. Consequently it is proposed that a Policy Options process will be operated in 2017 to enable this

situation to be addressed. However the scale of the budget gap in future years means that the Council will face a very challenging financial position.

## **10.0 RISK ASSESSMENT**

- 10.1 The difficult financial position facing the Council is a key risk that is included on the Council's Key Risk Register, and the Policy Option process is the main process for managing and controlling this risk. The financial scenario facing all local authorities means that "doing nothing" is not an option, and that a large scale package of savings needs to be agreed over a medium term period.
- 10.2 In considering the estimated budget gap for 2017-18 and future years, it is important to recognise that these are projections based on the best available information at the current time using prudent assumptions. However there is scope for considerable variation, and the value and scale of issues identified in the forecast may change and new issues may emerge. However the risk that the final budget position may be worse than the forecast, can be managed by taking funding out of the Budget and Efficiency Savings Reserve (which is available to support the overall budget position) if required.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

There is a significant direct impact on members of the public, employees, elected members and / or stakeholders and therefore an equality impact assessment is required. This assessment has been included in Appendix 7.

### **Appendix**

- Appendix 1 – Budget monitoring mid-year review
- Appendix 2 – Meeting the Budget Challenge 2016 Consultation – Residents
- Appendix 3 – Meeting the Budget Challenge 2016 Consultation - Organisations
- Appendix 4 – Consultation on Car Allowances - Employees
- Appendix 5 – Final Policy Option proposals
- Appendix 6 – Policy option proposals – Car Allowances
- Appendix 7 – Equality Impact Assessment