



**CAI.34 13/14**

**Challenge & Improvement  
Committee**

**Date: 28 January 2014**

**Subject: Budget pre scrutiny**

Report by:

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Purpose / Summary:

To present Members with an overview of the financial challenges faced; the progress towards mitigating them and future approach.

**RECOMMENDATION(S):**

- 1. That Members review the progress towards delivering a sustainable financial position.**
- 2. That Members request a further report is brought back in six months setting out progress towards closing the financial gap for 2015/16 onwards.**

## IMPLICATIONS

**Legal: None as a result of this report.**

**Financial: FIN/69/14 None as a result of this report.**

**Staffing: None**

**Equality and Diversity including Human Rights: None**

**Risk Assessment: There is a risk of the Council's Corporate Governance rating remaining red if Members and Officers do not continue to understand and/or deliver their responsibilities with regards audit.**

**Climate Related Risks and Opportunities: None**

**Title and Location of any Background Papers used in the preparation of this report:**

### Call in and Urgency:

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

**Yes**

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**No**

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### Key Decision:

A matter which affects two or more wards, or has significant financial implications

**Yes**

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**No**

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## **1 Purpose**

- 1.1 The Financial Strategy identifies a number of challenges that West Lindsey DC faces over the coming years and sets out the Council's response to proactively address those challenges. The Challenge and Improvement Committee are asked to consider the approach to meeting these challenges, prior to Policy and Resources Committee and Council consideration.

## **2 Context**

- 2.1 With existing public sector spending protections expected to remain in place the financial outlook for Local Authorities remains difficult. With reductions in funding for Local Government expected to be similar to those already faced.
- 2.2 Specific announcements have already been made that will reduce West Lindsey's funding for 2014/15 by over £1m; this is combined with historic reductions of circa 30% and anticipated reductions in grant for future years.
- 2.3 Significant reforms have also taken place across Local Government with many of the changes coming in to force on the 1st April 2013. These reforms have not only placed additional burdens on Local Government, but have also transferred risk and responsibilities to Local Government which have previously sat with Central Government.
- 2.4 These changes create further unpredictability and increase the uncontrollable nature of the Councils resourcing. Localisation of Council Tax support is one example where, although a new policy is in place, there are no guarantees it will negate the impact of funding reductions and increases the Councils reliance on generating income.
- 2.5 WLDC is well placed to deliver against these challenges with a robust financial base to build from, a history of making savings and in year surpluses being generated.
- 2.6 This is in addition to Internal Audit assessing 'Financial Control' as performing well and giving it a Green assurance rating and External Audit issuing an unqualified Value for Money (VFM) conclusion, which means they are satisfied proper arrangements are in place for securing financial resilience and challenging how economy, efficiency and effectiveness is secured. To arrive at this conclusion financial governance, financial planning and financial control processes were reviewed.
- 2.7 The approach being followed is not simply about balancing a budget, but is intended to deliver the radical change required to minimise service impact and deliver against social needs or changes in national legislation. To achieve this it is essential that a medium term approach is adopted which considers the position over a 4 to 5 year period.

- 2.8 Within this context the priorities for the Financial Strategy are to maximise available resources through effective and efficient delivery of services; and to identify and drive innovative approaches to service delivery and resourcing. This is increasingly important as the resources available become even scarcer and financial pressures continue to mount.
- 2.9 The positive action taken by WLDC means that the Authority is relatively well placed to respond to these challenges. There are however unprecedented times ahead and it is essential that the Council continues to take proactive and sustained action as without this the Councils financial position will not be sustainable in the longer term.

### 3 Current position

- 3.1 In setting the Financial Strategy for the current financial year it was established that there was a savings gap of around £3m which needed to be closed over a 3 year period.
- 3.2 The 2014/15 element of this requirement has been identified, with the savings gap now reduced to £1.9m for the comparable period. Included within this narrowing of the gap are a revised set of inflation assumptions which have contributed towards a reduction in future cost pressures.

Financial Year	Previous saving gap £'000	Current saving gap £'000
2014/15	816	0
2015/16	1,360	1,270
2016/17	475	665
2017/18	645	-6
<b>Total</b>	<b>3,296</b>	<b>1,929</b>

### 4 Engagement

- 4.1 Over the Summer a range of engagement activity has been undertaken which focussed on three distinct areas:
- Perception of Council Services
  - Residents values
  - Specific opportunities / service changes
- 4.2 The key findings of this activity is summarised below:

- 4.2.1 From those involved in the activity it appears as though residents do not differentiate between the District and County Council, with around 75% of respondents believing the District runs Social Services and Schools.
- 4.2.2 When considering satisfaction with existing Council services it was clear that Waste services is highly regarded with it providing the top 5 services for customer satisfaction, namely; Residual waste, Recycling and Garden waste achieving 85% satisfaction, followed by bulky waste and bin deliveries;
- 4.2.3 Whilst the 5 least satisfied services (figures show percentage dissatisfied) are Empty Homes (47%), Planning Enforcement (44%), Housing Enforcement (31%), Affordable Housing (32%) and Fly tipping (30%).
- 4.3 The top values identified by residents are:
  - 4.3.1 How the residents value the environment in which they live. This value was focused around the rural nature of the district and the cleanliness.
  - 4.3.2 The next was around the access to medical facilities mainly Doctors surgeries and Hospitals.
  - 4.3.3 Transport links were classed as being important but this ranged from access on roads to bus links and the Call Connect service.
  - 4.3.4 A good education and
  - 4.3.5 Feeling safe in the community
- 4.4 The final element of the consultation considered a range of service specific opportunities. The opportunities focussed on areas that would have a direct impact on residents and this is why the areas considered focus on from line service provision.
  - 4.4.1 Paper collections
    - 78% of respondents supported the separation of paper from the blue bin. To achieve this it was requested that a separate receptacle would be needed to hold the paper.
  - 4.4.2 Green waste
    - 77% supported the introduction of a charge for the first bin, but then didn't want charge to 'shoot up' after first year
    - Views were split on whether additional collections should be added over the winter.
  - 4.4.3 Street cleansing standards
    - Street cleansing is valued by residents with limited appetite to reduce provision. There was some support to scale back weekly cleansed areas to fortnightly.
  - 4.4.4 Provision of loans / equity

- 40% of respondents wanted to maintain a 'Grant' approach whilst 16% supported the provision of loan / equity for a purely financial return with those remaining (39%) supporting this for the delivery of significant social benefit / outcome
- 4.4.5 Channel shift / e-accessibility
  - 53% supported offering 24/7 on line service offer for all major Council services
  - 35% favouring some high demand transactional services being available on-line.
  - Only 11% wanted on-line information 'and no more'.
  - Residents did not want this to replace speaking to an officer, whether this is face to face or on the phone.
- 4.4.6 Trade waste
  - 96% supported the 're-launch' of trade waste subject to service levels not reducing due to the additional work.
- 4.4.7 Cross boundary work
  - 90% supported the development of undertaking work outside the District. Again support was conditional upon existing service levels being maintained.

## 5 Future actions

- 5.1 To close the remaining savings gap whilst providing services which are customer focussed and affordable in the future a range of activity will be undertaken. This will include further development work around the opportunities that have been engaged on (as shown at para 4.4) and those shown below.
- 5.2 The findings from the **In Depth Business Reviews (IDBR)** remain a fundamental element of the future approach to delivering a sustainable financial position and transformed services. This being the case the following will be taken forward and will be used to develop specific and realisable savings and income generation;
  - Cross cutting activity as identified;
  - Identify income opportunities and prioritise / progress as appropriate;
  - IDBR saving proposals to be identified and assessed for deliverability;
  - Not all services have been through an IDBR and consideration should be given to undertaking reviews in the remaining areas of the Council.
- 5.3 The **contract and spend** data is under review to identify opportunities for greater Value for Money to be generated through the Council's spending power. The initial activity has been to collect information to allow informed plans to be developed, with a particular emphasis on capturing existing contractual arrangements and their performance.
- 5.4 All contracts will be reviewed and where beneficial re-negotiated. Off-contract spend will also be assessed to identify the potential for savings and improved VFM / outcomes. Within this area there will be

an initial focus on areas of significant spend, such as the Beaumont Street car park which has a net cost of over £250,000 per annum.

- 5.5 **Growth** will remain a priority area with Business rates retention, Council Tax and New homes bonus gains being pursued through a range of initiatives, including:
- Local Council Tax Support scheme review
  - Empty homes / Single Person Discount review
  - Business rates Pooling
  - Economic growth
- 5.6 Significant investments have been made in the development of the Councils **Commercial strategy** and in providing resources to maintain it and finance its activity. Going forward the delivery of the Commercial strategy is expected to play a greater role in delivering bottom line reductions.
- 5.7 **Collaboration / Shared working and partnership** initiatives will also be an important element to provide reductions in net cost, whilst also providing capacity and resilience in service delivery. A number of back office shared services are at various stages of development / delivery with further areas being identified.
- 5.8 Helping communities to **help themselves** and encouraging our customers to access services differently e.g. E-Accessibility and Channel shift will also be key areas of the transformation agenda