

COUNCIL

TUESDAY, 1ST MARCH 2016, 6.30 PM
COUNCIL CHAMBER, TOWN HALL, CHORLEY

I am now able to enclose, for consideration at the above meeting of the Council, the following reports that were unavailable when the agenda was published.

Agenda No	Item	
6	ALTERNATIVE BUDGET 2016/17 Report of the Conservative Group.	(Pages 292 - 301)

GARY HALL
CHIEF EXECUTIVE

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Report of	Meeting	Date
The Conservative Group	Council	1 March 2016

ALTERNATIVE BUDGET 2016/17

PURPOSE OF REPORT

1. To propose an alternative budget for consideration by the Council, as proposed by the Conservative Group.

RECOMMENDATION(S)

2. That the Council adopt the alternative budget options as set out in this report.

EXECUTIVE SUMMARY OF REPORT

3. This report sets out alternative budget proposals to those being put forward by the administration.
4. Firstly the report presents 16 new investment proposals totalling £580,000.
5. The report then details proposals to deliver significant efficiency savings and income generation proposals which over the next three years we believe could lead to savings of £1.65m.
6. Finally we propose to address the financial risk and uncertainty which has been clearly detailed in the administration's report by setting aside over £5.3 million over the next three years into general balances.

Confidential report Please bold as appropriate	Yes	No

CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

BACKGROUND

8. The administration acknowledges that, based on their analysis, there will, in the future, be a funding gap where projected expenditure in 2018/19 will be £2.15m greater than income, including the use of uncommitted New Homes Bonus funding. This paper puts forward an alternative budget, for consideration by Members of the Council, which continues to deliver high quality services and invests in priority areas whilst generating significant savings. This approach will significantly increase general balances whilst mitigating the impact of the administration’s projected budget gap.

ALTERNATIVE BUDGET

9. The alternative budget is set out below. The proposals describe 16 new areas for investment totalling £580,000, which together aim to:

- Provide quality community services and facilities;
- Provide opportunities for all Chorley residents;
- Develop the Chorley borough’s economy; and
- Continually improve the efficiency of the council.

10. Most of the new investment areas were presented at Policy Council in November 2015 as part of our alternative Corporate Strategy. Our proposals focus on providing more support to the Borough’s rural businesses and communities, ensuring investment and opportunities are provided throughout the Borough.

11. A further £1.65 million in savings and income generation is also included within the alternative proposals, which will be achieved through services being more productive and efficient, as well as generating income through selling back office services to other organisations.

12. Our proposals also include removal of the capital costs, associated borrowing costs and estimated income for the Market Walk extension. We would put these plans on hold subject to completion of a new town centre masterplan and car parking strategy and also a review of options for the existing market walk centre.

13. The current position with regard to the budget proposals from LCC are of great concern. It would appear to be the case that, whilst major budget cuts are a necessity, the detail of these cuts are still to be agreed. Consequently our proposal is to recognise that there may be a requirement to use some funds to minimise the impact that LCC budget cuts will have on the people of Chorley.

14. As such we propose to investigate the proposals and impact on Chorley further through a new project which is summarised below. Once we are clearer on the impact and the options to address or minimise the impact we will be in a clearer position to allocate money from the Council’s general balances based on clear analysis, options and recommendations.

PROPOSALS FOR NEW INVESTMENT

15. Our proposals for investment are therefore as follows:

Proposed projects	Summary	Proposed budgets
Promote and support community food growing	Building on the work undertaken with the Lancashire Wildlife Trust, this project would work with parish councils, RSLs, Groundwork and local communities to develop a specified	£15,000

	number of community food growing schemes. Food growing schemes could also be supported through time credits and a communications campaign. Benefits could potentially include: Promotion of healthier lifestyles (people are more active and aware of healthy food); Promotion of inter-generational activities; community cohesion; low cost fresh produce.	
Working together to improve local communities	The aim of this project is to engage with partner agencies, such as Police, Fire Rescue, Parish Council's, LCC, Health and housing providers as well as local community groups to develop plans for areas of the borough. The project will look at identifying what actions partners and local community groups need to undertake to improve the quality of life, health and wellbeing for people in the neighbourhood areas. This will involve developing short term and long term plans for local area, through identifying gaps, looking at what work can be undertaken to fill the gaps, and exploring how we can better co-ordinate and/or collate their individual plans in order to collectively deliver better results for residents in their local areas. Local community groups will be encouraged and supported to work with agencies to decide what happens in their local area and develop pride and ownership in the delivery of any actions developing a more sustainable approach to neighbourhood working.	£40,000
Embed time credits into community groups	This project would embed the existing time credits programme into community groups to ensure its ongoing sustainability. It may also include developing a self-sustaining currency system and developing an online system which would require minimal central administration.	£50,000
Promote and encourage community management of facilities	This project is based on previous projects to transfer community centres into community management, but it aims to expand and develop the principles to other assets such as play areas and open spaces. It aims to develop greater feeling of ownership and pride in the local community, and offer a more cost-effective method for managing assets.	£20,000
Estate adoption	To improve the process of the adoption of estates following the completion of new housing developments. While this matter has been the subject of an Overview and scrutiny task group in 2012, the slow adoption of estates remains an issue. This project would	£15,000

	<p>seek to successfully complete any remaining O&S recommendations and identify and implement any further actions which could help to speed up and improve this process.</p>	
<p>Develop a rural enterprise team</p>	<p>Develop a service which provides tailored support and advice to businesses and individuals in rural communities. In addition, this would include establishing a rural team, similar to the 'town team' engaging rural businesses and parish councils. The third element involves supporting businesses and individuals to access funding through the Rural Development Programme for England (RDPE) and establishing a grants package to support business to access the RDPE funding (match funding).</p>	<p>£50,000</p>
<p>Develop policies that ensure community facilities match housing developments</p>	<p>Undertake a review of policies to ensure that housing developments in an area do not overwhelm local services. Carry out integrated impact assessments for all new housing developments and in some cases commission full public health impact assessments. This would be closely linked to Estate adoption and community management of facilities (one officer post)</p>	<p>£5,000</p>
<p>Inward investment</p>	<p>This budget will be used to promote and encourage and support businesses to relocate to, start up in and invest in Chorley. A key aim being to grow the business rate tax base to ensure both a strong local economy and a sustainable funding stream for the future.</p>	<p>£100,000</p>
<p>Create more high paid jobs in Chorley</p>	<p>While Chorley has good employment and education levels, many Chorley residents have to travel outside of the borough to find jobs which are better paid than those available in Chorley. This project will aim to specifically focus on attracting business to Chorley which can offer better paid jobs for local residents and opportunities for young people to progress into a professional career, for example in high tech or health sectors. This could be delivered through:</p> <ul style="list-style-type: none"> • An inward investment campaign targeted at high tech/health sector or generally better paid employment sector – to attract and encourage them to relocate to Chorley. • To work with Runshaw College and other local training providers to help local people develop their skills, qualifications and readiness to progress into higher skilled and higher paid jobs. • Work with existing businesses (who 	<p>£20,000</p>

	offer well paid work) to promote jobs opportunities to local people first.	
Revitalise rural service centres and deliver a 'shop local' campaign across the borough	Support shops and businesses in rural service centres (links to/covered by the expansion of grants across the borough and the development of a rural enterprise team). Complementing the national campaign, the campaign will encourage people to use the shops and businesses across the borough to support the local economy and local area.	£75,000
Expand the offer of grants to businesses and shops across the borough	Expand the offer of grants (shop front improvement grants, shop floor refurbishment grants and business rate subsidy scheme) to businesses and shops across the borough rather than being focussed on businesses specifically in the town centre and a limited number of service centres.	£75,000
Establish a consultancy business for front and back office support and improvement	Using existing resources, and improved productivity, market the services of back office functions to other organisations to recoup some of the cost of the back office.	£10,000
Implement a staff suggestion scheme	A scheme would be developed to encourage staff to make suggestions about how the council can be improved, to improve service delivery or to work more efficiently. Incorporated within this would be a staff introduction incentive scheme.	£2,000
Free Swimming	This budget will continue to deliver free swimming to young people during the summer school holidays and also offer additional free sessions for older people during term time.	£8,000
Events promotion and development	Focus the scope of this work to maintain the current level of events, including the Grand Prix (which in 2016 is funded from 2015 slippage) Flower Show and North West in Bloom, rather than to deliver even more events as set out in the administration's proposals. We would also work to ensure that, where possible, events become self-financing through working with local communities and groups.	£80,000
Integrated Partner Services through the Chorley Public Service Reform Partnership	This budget is to continue the work of the Chorley Public Service Reform Partnership (CPSRP) in its second year, and to encourage match funding from other partners to progress the work.	£15,000
Develop response to proposed LCC budget cuts	This project recognises the need to better understand how the proposed LCC budget cuts will impact on Chorley residents. It will include requesting and analysing further information from LCC and developing costed options for how we could respond, which may	Existing capacity

	involve working with communities and partners to deliver services in a different way. This information should enable us to respond and engage with the county and support and provide evidence for our own decision making process. It will also aim to consider the wider picture and priorities, rather than just looking at cuts to services on a case by case basis.	
TOTAL		£580,000

SAVINGS PROPOSALS

16. The table below sets out the £1.65 million in savings which we believe can be delivered over the next three year. This excludes the existing savings of £364,000 which are proposed as part of the senior management restructure which is currently underway.

Proposed project	Summary	Proposed budgets
Increase productivity across all Council services	This project will seek to improve staff productivity across all services areas, to both enable the Council to deal with the inevitable increases in demand for services which will take place over the next few years and also to generate savings options of up to £1m. Some services are effectively using management data which includes work volumes and processing times to improve staff productivity, and it is intended that this approach would be rolled out across all Council services as far as possible. In some areas it appears that if all staff were working at average productivity levels or above that the same demand could be met with 30% less staff, or that the existing staff could take on more or higher volumes of work. To apply this across the board, could achieve over double the £1m target but would impact on the ability to deliver services.	£1.5 million in savings during 17/18-18/19
Undertake a comprehensive review of all council services/shared services	A programme of value for money reviews to identify areas for savings, improvements and change across the organisation that can be implemented to improve performance. Working more closely with other authorities, particularly neighbouring authorities, should give the opportunity to improve services and to make cost savings. Work will be undertaken to identify services that could be shared, and to then explore and develop opportunities with other councils.	Estimate savings achievable in the region of £100,000 in 2016/17
Establish a consultancy business for front and back office support and improvement	Using existing resources and improved productivity, market the services of back office functions to other organisations to recoup some of the cost of the back office.	£50,000 pa from 2017/18 onwards
Total		£1.65m

RESPONSE TO THE ADMINISTRATION’S INVESTMENT PROPOSALS

- 17. We agree with the administration’s proposals to freeze Council tax in 2016/2017, however we think that more money should be put aside into general balances to respond to the large scale reductions in Central Government grants to district councils which the administration themselves recognise is putting unprecedented levels of pressure on the budget.
- 18. We therefore propose to put all unallocated NHB into general reserves which over the next three years will total just over £5.3 million, in comparison with £1.29 million the administration are proposing to put into balances over the same period.
- 19. Our proposals also include £891,000 contribution to PCSO’s in Chorley over the next three years, unlike the administrations who have chosen to take the funding out of the base budget and at this point only commit one further years funding. We understand that community safety is important to our residents which is clearly evidenced in this year’s budget consultation. Out of all of the administrations proposed investment areas, making communities safer received the highest percentage of people rating it as their top priority.
- 20. The administration has also chosen to earmark £1 million as a transition fund to deal with LCC service reductions which may impact on Chorley residents, however we feel that there is not yet enough information about the impact of the LCC budget reductions and therefore our intention would be to allocate money to addressing any impacts from general balances when we have clear evidence and a clear business case on which to act.
- 21. This report has implications in the following areas and the relevant Directors’ comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

- 22. The alternative budget proposals are delivered within the same resource limits as the administration’s budget. Details are set out in the appendix A which show that the expenditure plans, as set out, result in a reduced deficit at the end of the period when compared with the administration’s proposals. This is achieved through services being more productive and efficient, as well as generating income through selling back offices services to other organisations.
- 23. In terms of my statutory officer report, as there are no changes to the assumptions made on constructing the budget my comments contained in that report apply equally to the alternative budget. On that basis I am content that the proposals set out are deliverable within the resource constraints discussed.

COMMENTS OF THE MONITORING OFFICER

- 24. None.

COUNCILLOR P LEADBETTER
LEADER OF THE CONSERVATIVE GROUP

Analysis of Alternative Budget Variations 2015/16 - 2018/19**APPENDIX A**

	2015/16 ESTIMATE £'000	2016/17 ESTIMATE £'000	2017/18 ESTIMATE £'000	2018/19 ESTIMATE £'000
CASH BASE BUDGET REQUIREMENT	14,252	13,841	13,439	12,150
Cash Movements:				
Other Virements (Transfer below the line)	(652)			
Inflation				
Pay	110	231	99	100
Pensions	21	23	11	9
Pensions Rate Adj.	116	117	124	125
Non-Pay	(119)	(13)	56	56
Contractual	155	152	201	198
Income	35	61	21	15
Increments	44	33	13	4
Volume Expenditure	(67)	223	(161)	125
Volume Income	60	(82)	35	53
Loss of Income - LCC waste/recycling agreement	0	18	18	933
Growth Items 2013/14 to 2015/16	0	(235)	0	0
New Revenue Investment 2014/15	(485)	(145)	0	0
New Capital Investment 2014/15	(206)	(218)	0	0
Market Walk - Net Income/Equalisation Account	(500)	500	0	0
Market Walk Account 16/17 Permanent Budget Adjustment	0	(358)	0	0
Net Income from Extra Care Scheme	0	0	(50)	0
New Revenue Investment 2015/16	807	(807)	0	0
New Capital Investment 2015/16	240	(240)	0	0
New Capital Investment (Future Years)	0	400	0	0
Reserve Balance for Unitary Work - Referendum	100	(100)	0	0
Transformation Strategy Savings 2016/17	0	(214)	20	0
Senior Management Review 2016/17	0	(229)	(45)	(90)
New Revenue Investment 2016/17	0	580	(580)	0
VFM Reviews 2016/17	0	(100)	0	0
Productivity Savings 2017/18	0	0	(1,000)	0
Productivity Savings 2018/19	0	0	0	(500)
Income Generation	0	0	(50)	0
DIRECTORATE CASH BUDGETS	13,841	13,439	12,150	13,179
Contingency:				
- Management of the Establishment	(150)	(150)	(150)	(150)
Directorate & Corporate Budgets	13,691	13,289	12,000	13,029
Net Financing Transactions:				
- Net Interest/Premiums/Discounts	107	127	127	127
- Minimum Revenue Provision (MRP - capital financing)	358	387	432	511
- MRP £23m & Borrowing £13m for Market Walk	652	536	520	506
- Additional interest on £11m Borrowing not initially taken	0	364	361	358
- Temporary Savings on Borrowing	0	(246)	0	0
sub total	1,117	1,168	1,440	1,501
TOTAL EXPENDITURE	14,808	14,457	13,440	14,529
Financed By:				
Council Tax - Borough	(6,121)	(6,242)	(6,273)	(6,304)
Grant for freezing Council Tax in 2015/16	(65)	0	0	0
Parish Precepts	533	533	533	533
Council Tax Parishes	(533)	(533)	(533)	(533)
Revenue Support Grant	(2,132)	(1,397)	(734)	(299)
Retained Business Rates	(2,759)	(2,977)	(2,977)	(2,977)
Business Rates Pooling	0	(726)	(726)	(726)
Government Section 31 Grants	(770)	(583)	(583)	(583)
Business Rates Retention Reserve	(92)	(92)	(92)	(92)
New Homes Bonus 2011/12 & 2012/13	(1,044)	(1,044)	(1,044)	(1,044)
Use of New Homes Bonus for PCSO's	(297)	(297)	(297)	(297)
Use of NHB for Capital Investment (Future Years)	0	(400)	(400)	(400)
Use of NHB for New Investment - Revenue 2016/17	0	(519)	0	0
New Burdens Grant	0	0	0	0
Collection Fund (Surplus)/Deficit - Council Tax 16/17	(135)	(83)	0	0
Collection Fund (Surplus)/Deficit - Council Tax 17/18 onwards	0	0	0	0
Collection Fund (Surplus)/Deficit - Business Rates 16/17	358	(49)	0	0
Collection Fund (Surplus)/Deficit - Business Rates 17/18 onwards	0	0	0	0
Transfers to/(from) Earmarked Reserves	(62)	(49)	136	18
Transfer to/(from) General Balances	350	0	0	0
TOTAL FINANCING	(14,808)	(14,457)	(12,990)	(12,704)
Net Expenditure	0	0	450	1,825
Analysis of Net Expenditure (Budget Gap)				
Net Expenditure in Year	0	0	450	1,375

Analysis of Alternative Budget Variations 2015/16 - 2018/19**APPENDIX A**

Key Assumptions	2015/16	2016/17	2017/18	2018/19
Increase in Council Tax	0%	0%	0%	0%
Growth in Council Tax Base	3.8%	2.0%	0.5%	0.5%
Grant for freezing Council Tax in 2014/15 and 2015/16	£131k	£0k	£0k	£0k
Reduction in Government Grant Settlement (AEF)	£883k	£735k	£663k	£435k
Profiled Reduction in Grant Settlement	-15.50%	-34.48%	-31.08%	-20.40%
New Homes Bonus receipts built into revenue base budget	£1,044k	£1,044k	£1,044k	£1,044k
New Homes Bonus estimated receipts not in revenue base budget	£2,335k	£3,411k	£2,967k	£1,589k
Net Financing of Market Walk	£652k	£654k	£881k	£863k
Future Service Pension Rate	11.1%	11.1%	11.1%	11.1%
Additional Business Rates - Lancashire Pooling Arrangement	0	£725k	£725k	£725k
Lancashire Waste Partnership Income	£933k	£933k	£933k	0
Pension Fund deficit recovery	£832k	£956k	£1,081k	£1,206k
Supporting People Income from LCC	£147k	£138k	£130k	£122k
Pay Award	2.2%	1%	1%	1%

New Homes Bonus	2015/16	2016/17	2017/18	2018/19
New Homes Bonus 2011/12	(302)	(302)	-	-
New Homes Bonus 2012/13	(742)	(742)	-	-
New Homes Bonus 2013/14	(739)	(739)	(739)	-
New Homes Bonus 2014/15	(847)	(847)	(847)	-
New Homes Bonus 2015/16	(749)	(749)	(749)	(652)
New Homes Bonus 2016/17	-	(1,076)	(1,076)	(937)
New Homes Bonus 2017/18	-	-	(600)	(522)
New Homes Bonus 2018/19	-	-	-	(522)
Total New Homes Bonus	(3,379)	(4,455)	(4,011)	(2,633)
Use of New Homes Bonus in Base Budget	1,044	1,044	1,044	1,044
New Homes Bonus Receivable	(2,335)	(3,411)	(2,967)	(1,589)
Use of NHB for Growth Items 2013/14 to 2015/16	235	-	-	-
Use of New Homes Bonus for PCSO's	297	297	297	297
Use of NHB for 2014/15 Growth Items in Year 2	363	-	-	-
New Homes Bonus Available Balance	(1,440)	(3,114)	(2,670)	(1,292)
Use of NHB for 2015/16 Investment - Revenue	1,200	-	-	-
Use of NHB for 2015/16 Investment - Capital	240	400	400	400
New Homes Bonus Available Balance	-	(2,714)	(2,270)	(892)
Use of NHB for 2016/17 Revenue Investment	-	519	-	-
New Homes Bonus Available for General Balances	-	(2,195)	(2,270)	(892)