

REVENUE BUDGET AND COUNCIL TAX 2015/16

1 INTRODUCTION

This appendix sets out the detailed movements in the revenue budget between 2014/15 and 2015/16, and recommends the proposed budget for 2015/16 along with the associated levels of Council Tax.

It provides details of:

- Areas of Budget Pressure and Unavoidable Cost Pressure
- Areas of additional investment
- Efficiency and other savings proposals put forward

2 BUILD UP OF THE 2015/16 REVENUE BUDGET

A base revenue budget requirement of £17,412,942 was approved for the 2014/15 financial year, which forms the starting point for the 2015/16 budget.

Although the Council has made a concerted effort to minimise budgetary growth a number of unavoidable cost increases and budgetary pressures have arisen during the year, as summarised in the following table:

Table 1 – Unavoidable Costs

	£
Pay and Price Inflation	523,750
Other Budget Pressures	649,403
Total Unavoidable Costs	1,173,153

Pay and Price Inflation

This increase reflects the inflationary allowances across budget heads along with salary increments and variations. All income and expenditure budget heads have been fixed at 2014/15 levels and any cost increases will therefore need to be absorbed within individual service area budgets. A contingency of £200k has been retained to cover unavoidable or corporate inflationary cost increases and this will be allocated to budget heads throughout the 2015/16 year as areas of growth are identified. The budget makes provision for the recently agreed national pay award which covers the period from 1 April 2014 to 31 March 2017.

As in previous years the 2015/16 budget does not include a corporate provision for salary savings. This reflects that staffing savings are not expected to accrue due to a slowdown in staff turnover. The Council does not budget for recruitment costs

therefore it is also assumed that any short term staffing savings will be required to fund associated recruitment and advertising costs.

Other Budget Pressures

A breakdown and further details of these costs are included within Appendix A1 to this report.

3 RESOURCES

Finance Settlement

On 18 December 2014 the Government announced details of the provisional finance settlement for 2015/16. 2015/16 is the second year of a two year settlement and indicative figures were provided in December 2013. The outcome of the provisional settlement for 2015/16 was broadly in line with the indicative figures and resulted in a funding cut of £1.290m (15.60%) for the Council. The provisional estimated baseline settlement that will be awarded for 2015/16 totals £6,974,906.

The table below sets out the reductions in core grant funding over the period from 2010/11 to 2015/16.

Table 2 – Reductions in Local Government Finance Settlement Funding

YEAR	LGFS FUNDING* £'000	CASH REDUCTION £'000	% REDUCTION
2010/11	12,388		
2011/12	10,862	1,526	12.4%
2012/13	9,937	925	8.6%
2013/14	9,551	386	3.9%
2014/15	8,265	1,286	13.58%
2015/16	6,975*	1,290	15.60%
REDUCTION		5,413	43.7%

* Figures have been adjusted to allow like for like comparisons between years. (2015/16 figures exclude the freeze grant which has been rolled into the grant from 15/16 onwards).

The table shows that the Council will receive £5.421m less funding to run its services in 2015/16 than it did in 2010/11. This represents a 44% cut in annual funding.

Although Local Authority funding cuts have been extensive over the last five years the latest pronouncements indicate that it is not likely to be any better over the next five, with recent forecasts showing that Authorities are likely to have to find at least the same amount in savings as has already be made.

Council Tax levels and Council Tax Freeze Grant

Since 2011/12 the Government has awarded grants to those Council's which opted to freeze or reduce their Council Tax levels. The levels and duration of grants has differed each year and are summarised in the table below:

Table 3 – Summary of Council Tax Freeze Grant Offers

Year	% C Tax increase that grant value is based on	Duration of Grant *	Annual value of grant to SBC	Proportion of Authorities that accepted the grant
2011/12	2.5%	4 years	£219k	421 (100%)
2012/13	2.5%	1 year	£219k	358 (85%)
2013/14	1%	2 years	£90k	257 (61%)
2014/15	1%	2 years	£90k	251 (60%)
2015/16	1%	???	£90k	

* The grant durations shown above are based on the initial freeze grant offers.

The Borough Council has elected to freeze its Council Tax at 2010/11 levels in each of the above years and accept the associated Council Tax Freeze grant.

The duration of the grant receipts shown in the table above reflect the announcements set out in the government's original grant offer letters. The Council's Medium Term Financial Plan originally made provision for the loss of the freeze grant funding in the relevant years, however the government subsequently announced that the funding in respect of the 2011/12 year and 2013/14 year would continue to be provided to local authorities as part of their settlement grant beyond 2015/16. The government also issued a technical consultation paper for the 2015/16 settlement earlier this year and confirmed their intention to roll the 2014/15 freeze grant into baseline funding from 2015/16 onwards.

This suggests that by accepting the freeze grants in those years the Council has benefited from a long term source of funding from Central Government rather than the fixed term one-off grants that were originally anticipated.

2015/16

Formal notification of the proposed freeze grant for 2015/16 was received alongside the settlement and a freeze grant equivalent to a 1% increase in Council Tax will be paid to those authorities that choose to freeze their Council Tax levels. The duration of this grant is currently uncertain.

A 1% increase in Council Tax generates £76k per annum (the figure differs from the £90k receivable for the 1% Council Tax freeze grant as the freeze grant calculations are based on a higher tax base which does not take into account the cost of the discount for the Localised Support for Council Tax), therefore the Council would generate an income of £147k per annum by increasing Council Tax by 1.94%. If Council Tax levels are increased the Council will not be eligible to receive the freeze

grant of £90k therefore the decision to increase Council Tax by 1.94% would generate an additional £57k per year.

If a freeze grant is accepted in 2015/16, this will be the fifth consecutive year of Council Tax freezes for this Council.

Table 4 shows the resultant Scarborough Borough Council element of the Council Tax levy by band if Council Tax levels are frozen or increased by 1.94%.

Table 4 – Council Tax levy per band

Band	2013/14 £	Council Tax Freeze Grant		1.94% Increase	
		2014/15 £	Increase £	2014/15 £	Increase £
A	140.87	140.87	-	143.61	2.74
B	164.35	164.35	-	167.54	3.19
C	187.83	187.83	-	191.48	3.65
D	211.31	211.31	-	215.41	4.10
E	258.27	258.27	-	263.28	5.01
F	305.23	305.23	-	311.15	5.92
G	352.18	352.18	-	359.02	6.84
H	422.62	422.62	-	430.82	8.20

Council Tax Capping and the Public's Right to Veto 'Excessive Council Tax Increases'

The Localism Act includes the powers to allow local residents to veto excessive Council Tax rises and in 2012/13 the Government introduced arrangements for Council Tax referendums where an authority sets a Council Tax which exceeds principles endorsed by Parliament (i.e. is "excessive").

The council tax referendum threshold principles for 2015/16 not yet been announced. The threshold applicable to the Council in 2014/15 was set at 2%.

Increase in Council Tax Base and Collection Fund Surplus

Each year the Council calculates its tax base based on the number of properties listed on the Council Tax system. This calculation takes into account chargeable properties, discounts, and exemptions listed in the system as well as projected changes for the following year. In 2015/16 an increase in the projected Council Tax Base will generate additional income of £70k for the Council.

This additional income is due to increases in the number of properties as well as reductions in the costs of the Localised Support for Council Tax scheme discount (LSCT).

In addition to the increase in the Council Tax Base the Collection Fund projections anticipate that the fund will also hold a surplus at the end of 2014/15, which will be available for distribution in 2015/16. As at 31 March 2014 the Collection Fund held a surplus of approximately £0.5 million due to the lower than expected costs of LSCT in the 2013/14 year. Due to the uncertainties surrounding the overall cost and profile of LSCT scheme expenditure in its first year of operation, only £50k of this surplus was declared when last year's tax base was calculated; which leaves a balance of £450k which can now be declared for distribution in 2015/16. In addition current projections show that a further surplus of £565k will be generated in the current financial year. The total surplus which can be declared for 2015/16 is therefore £1.015 million. The Council's share of this surplus is £136k and as these are one off monies it is proposed that they be earmarked for investment in the Council's Investment Management Plan.

New Homes Bonus (NHB)

In February 2011 the government published the proposals for the NHB – a scheme that was designed to incentivise local authorities to welcome new housing developments. The headline details announced in 2011 were as follows:

- The scheme is intended to incentivise local authorities to increase housing supply by rewarding them with a grant, equal to the national average for the council tax band on each additional property and paid for the following six years as an unringfenced grant.
- In addition to the above there is a flat rate enhancement of £350 per annum for affordable homes.
- 80% of the Bonus is retained by the Borough Council, the remaining 20% is paid to North Yorkshire County Council
- The scheme is intended to be a permanent feature of local government funding and will therefore continue beyond the six-year cycle.
- The NHB is paid as an “unringfenced grant” therefore the Council can decide how it wishes to utilise any monies received.

In June 2013 the government announced proposals to top-slice £400m from New Homes Bonus allocations in 2015/16 and pool the monies within Local Enterprise Partnerships. A technical consultation paper on the proposed top slicing was issued in July 2013.

The consultation set out the following options:

- To apply an across the board top slice from both upper and lower tier authorities NHB on an equal basis; or

- To top slice 100% of upper tier council allocations and fund the balance from lower tier authorities.

Based on the projected NHB allocations for 2014/15 it was anticipated that the proposals would result in a reduction in the Council's NHB allocations by 35.09% or 18.9% respectively. Due to the significant opposition raised by respondents to the consultation this proposal was retracted in the 2013 Autumn Statement; however the Government did set out that the NHB scheme would be reviewed by Easter 2014. The outcome or updated timescales of that review are currently uncertain.

The Council's NHB allocation for 2014/15 was £821k. Under the current funding regime the Council anticipates an additional allocation of at least £110k in 2015/16, with additional amounts due for increases in affordable housing units. Due to the financial difficulties facing the Council the grant has been fully committed to balance the Council's revenue budget in 2015/16 in order to minimise cuts in service.

Localised Business Rate Income

The Local Government Finance Bill was introduced by the Secretary of State in December 2011. The legislation contained within the Bill represented a radical change to the local government finance system and aimed to take forward proposals designed to encourage local economic growth, reduce the financial deficit and drive decentralisation of control over Local Authorities finances. One of the key proposals contained within the legislation was the localisation of business rate income.

Prior to the 2013/14 financial year business rates revenue was collected by local authorities, who then paid it over to central government. Central government pooled the income generated and then redistributed it to local authorities, based on an assessment of their needs. Local authorities were then notified of the amounts that would be distributed as part of the Local Government Finance Settlement.

As local authorities did not retain business rate income it was felt that there was only a limited financial incentive to promote business growth and maximise business rate income collection in their area. In July 2011 the Government published its proposals to allow councils to retain locally raised business rates. These proposals presented a fundamental shift in the way that local authorities are funded, and aimed to free councils from dependence upon central government grant and give them a strong financial incentive to drive local economic growth. The new scheme came into effect on 1 April 2013.

Under the new legislation the Council is set a baseline income level for rates collection in a year. The income collected from business rates is distributed between Central Government, North Yorkshire County Council and North Yorkshire Fire and Rescue Service in predetermined levels and the Council receives a proportional benefit of any surplus income generated above its baseline.

Although the scheme does provide an opportunity for the Council to grow its business rate income and to retain a proportion of any excess, it does invariably also increase the Council's level of budgetary risk as the Council also needs to fund a

proportion of any in-year business rate income shortfalls from its own resources. In effect the new legislation switched a large proportion of the Councils core funding from a fixed grant to a variable income source.

Business Rate Pooling

In 2014/15 the Council entered into a business rate pool with North Yorkshire County Council, Ryedale District Council, Craven District Council, Hambleton District Council and Richmondshire District Council. This pooling arrangement has been extended to cover the 2015/16 year. The Borough Council is the lead authority for the pool.

Under the pooling regime authorities included within a pool are treated as a single authority for the localised business rate scheme. This has the benefit that any deficit relating to the Council's share of business rates could be offset by surpluses achieved by other pool members rather than from the Council's own resources; however if the Council makes a surplus on its own scheme this could be more than offset by deficits arising on other pool members schemes. The Council currently pays a levy of 50% on its share of surplus business rate income generated. The major advantage of creating a pool is that this levy rate is reduced to nil when each of the authorities in the pool are treated collectively as a single authority.

Business Rate Baseline Figures (NNDR1 Form)

Under the localised business rate scheme the Council must approve its NNDR1 Return and submit it to the Department of Communities and Local Government by the end of January each year. The figures included within the NNDR1 Return set out the anticipated net income collectable from business rates in a year and informs the share of business rate income that can be recognised in the Council's revenue budget. This return has not yet been received.

The draft savings proposals currently assume that the Council's share of income from business rates in 2015/16 will exceed the baseline set out in the LGFS by £700k. Based on current projections this assumption is considered to be prudent however it is heavily dependent on the outcome of the settlement of outstanding appeals. The pool's anticipated business rates income and distributions for 2015/16 will be collated upon completion of the NNDR1 returns. If the Council's share of pool distributions exceeds £700k it is proposed that the surplus be earmarked for the Council's IMP.

4 INVESTMENT IN PRIORITY AREAS

Members, Directors and Service Unit Managers, in conjunction with Finance Staff, have been asked to identify any areas where additional investment is required, with particular reference to Local and National Priority Areas.

The areas proposed for additional investment are summarised in Table 5 below, with further details provided in Appendix A2.

Table 5 – Meeting Priorities

Service	Bid	£
Corporate	Ring-fencing of Northstead Car Parking income for the Sands Development	200,000
Corporate	Leisure Village borrowing costs	278,000
Corporate	Development of Lower Tier Futurist site	40,000
Corporate	Increase in revenue contributions to capital	50,000
		568,000

In addition to the on-going investment detailed above a £90k budget was established in 2013/14 to fund one-off community projects. This budget has been committed from 2015/16 onwards to fund borrowing costs associated with essential and aspirational capital, infrastructure and asset management schemes.

The Council's Medium Term Capital Plan projects capital resources and expenditure over a ten year period. Although the Plan largely shows a balanced position over that ten year period it does not make any allowance for capital expenditure on the Council's property assets or any essential infrastructure works that may be required. An exercise is currently being undertaken to pull together a comprehensive summary of all outstanding works and schemes on Council assets in order to prioritise them and allocate funding accordingly. Details of these proposals will be reported to Members in February.

5 FUNDING GAP

Taking into account the funding allocations detailed in Section 3 and the investment in priority areas in Section 4, and assuming the acceptance of the freeze grant, the following table summarises the funding gap for 2015/16:

Table 5 – Summary of Funding Gap for 2015/16

	£	£
Base Revenue Budget for 2014/15		17,412,942
Unavoidable Costs (Per Table 1)		1,173,153
Investment in Priorities (Per Table 5)		568,000
		<u>19,154,095</u>
Last Year's Financing	17,412,942	
Reduction in Settlement Grant (Section 3)	(1,289,664)	
Compensation for RPI grant (NNDR)	13,000	
Increase in Council Tax Base (Section 3)	70,856	
Assumed acceptance of the Council Tax freeze grant (Section 3)	90,000	
Resources available		<u>(16,297,134)</u>
Funding Shortfall		2,856,961

This leaves a shortfall of £2,856,961 that needs to be addressed through additional funding, efficiency and other savings.

6 PROPOSED SAVINGS OPTIONS

Senior Management have adopted the identification and achievement of savings as an integral part of the Council's budget setting process. Work to identify savings

starts early in the preceding financial year, ensuring that there is sufficient time to implement full year's savings and to consult with relevant stakeholders.

The savings put forward within the 2015/16 budget proposals have been reviewed by the Corporate and Financial Strategy Group, are summarised in Table 6 below and are detailed in Appendix A3

Table 6 – Summary of Proposed Savings

Responsible Senior Officer	£
Savings identified in Interim Budget Report	1,545,000
Deputy Chief Executive	154,400
Director of Service Delivery	406,160
Director of Legal and Democratic	74,400
Director of Business Support	97,400
Corporate	583,000
TOTAL	2,860,360

7 STAFFING IMPLICATIONS

The Council has recognised that to achieve efficiency savings that minimise the impact on the delivery of front line services there will be a need to reduce staffing numbers, which will inevitably result in redundancies.

Where possible, all employees that could be directly affected by the changes will be notified prior to this report being published. Any savings proposals affecting staff will be closely managed and consultation will take place with all Trade Unions. The Council has a strong commitment to try and minimise the impact on staff and number of compulsory redundancies by utilising natural wastage and providing some training for staff to support this.

8 SUMMARY OF THE 2015/16 BUDGET POSITION

Table 7 summarises the net budgetary position as detailed in this report.

Table 7 – Summary of Budget Position

	Report Table Reference	£
Funding Gap	Table 5	2,860,360
Efficiency and Other Savings	Table 6	(2,860,360)
Shortfall		-

The Council's Medium Term Financial Plan already shows that there will be a requirement to identify savings of at least £2.12m in 2016/17 therefore it is considered essential that a balanced budget be set in 2015/16.

In order to set a balanced budget there is a requirement to approve all of the savings proposals identified in this report. Where savings are not deemed to be acceptable alternative savings of an equivalent value will need to be identified.

9 ASSESSMENT

The Revenue Budget for 2015/16 continues to build upon the success of the Financial Strategy, which is now clearly embedded throughout the Council; and the budget efficiency and other savings requirements were identified in the Medium Term Plan well in advance.

The 2014/15 budget retained a prudent provision for contingencies to mitigate the effects of unforeseen income shortfalls, cost overruns, unachieved savings and changes in government legislation. At the time of setting the 2014/15 budget it was reported that, although these contingencies were deemed to be necessary in 2014/15, it was hoped that they would not be needed in their entirety in future years and would be available to reduce the level of budget savings needed in 2015/16 and help to minimise cuts in service. The available savings from these budgets were reported to Cabinet in July 2014 as part of the Interim Budget Report (ref 14/257) and, along with savings taken from reducing contributions to reserves, total £1.545 million. Due to the removal of these contingency budgets and the high level of savings needed to be achieved in 2015/16 this could be deemed to be a relatively high risk budget.

As resources become tighter it becomes even more important to ensure that the budgets approved in a year are robust and achievable. Directors and Service Unit Managers receive a high level of support from the finance team however it is acknowledged corporately that the responsibility for setting, monitoring and controlling budgets must lie with the managers and directors responsible for running the services.

Service Unit Managers are responsible for preparing their budgets using the Technology One system, and all Directors have been given the opportunity to submit growth bids for any areas of budgetary concern. Directors will be asked to sign off the savings included within this report to confirm that they believe them to be deliverable and they have also been asked to confirm that specific areas of budgetary concern identified within their service areas in the current financial year have been addressed or will not recur in 2015/16. It should be noted that additional savings of £248k have had to be identified in 2015/16 as a direct result of previous year's savings proposals not being delivered; although in some of these cases the relevant service area has found compensatory savings to offset these shortfalls. Both Service Unit Managers and Directors will be asked to sign off the final budget figures before Full Council are asked to approve them in February.

Provisional settlement figures have not yet been provided for the 2016/17 year however forecasts anticipate a budget shortfall of at least £2.1million in that year. The extent of the budget shortfall each year is not only dependent on cuts in funding, but also by the level of growth included in the revenue budget. In recent years the level of savings needed to balance the budget has been exacerbated by the inclusion of significant amounts of budgetary growth and this continues to be the case in 2015/16 with only £1.3million (46%) of the £2.8million funding gap being attributable to cuts in funding. As the Council's funding sources reduce, and budgets get tighter, it will become increasingly important to restrict growth in budgets and be

mindful that any growth allowed in budget will need to be funded from corresponding cuts in other service areas.

Although Local Authority funding cuts have been extensive over the last five years the latest pronouncements indicate that it is not likely to be any better over the next five, with recent forecasts showing that Authorities are likely to have to find at least the same amount in savings as has already be made. It is clear that strong long term financial planning will become increasingly important as funding reduces and resources become scarcer. The financial forecasts and continuation of the funding cuts into the medium and long term show that Members will be asked to make difficult decisions in the coming years to prioritise services in order to balance the budgetary position and maintain the Council's financial sustainability.

BUDGET PRESSURES

		£
Superannuation Contributions	<p>Every 3 years the actuary undertakes a valuation of the Council's pension scheme to determine the level of contributions required over the following 3 year period. The most recent valuation was received by the Council at the end of November 2013 and covers the period 2014 / 17.</p> <p>The triennial valuation carried out by the actuary assessed the level of contributions required to recover the Council's pension fund deficit (£84.894 million as at 31 March 2013) over a 27 year period (the previous triennial valuation set in place a 30 year repayment plan). The costs of funding the scheme are split between a future service contribution and a back funded element.</p> <p>The back funded element remains fixed during the valuation period regardless of the number of employees contributing to the pension scheme and inflates each year in line with the actuarial assumption on average pay growth. The cost of this back funded element will increase by £83k in 2015/16 and a further £88k in 2016/17.</p>	82,900
Loss of income from the outsourcing of Peasholm Cafe	<p>Following the outsourcing of the Scarborough Spa and Whitby Pavilion to Sheffield International Venues (SIV) the Council's running of catering establishments was limited to the cafes within Peasholm Park. With the staff responsible for catering having transferred to SIV, the decision was made to outsource the Peasholm Park cafes. The initial agreement was for one year however this has subsequently been extended for the 2014/15 season and again for a further three seasons.</p> <p>SIV have agreed to run the venues on a profit share basis and, based on payments received over the last two seasons, the budget targets that were in place when run in-house are no longer achievable. The Council's share of income from the venue has now been reduced to £27k.</p>	25,000
Benefits and Localised Support for Council Tax Administration Subsidy	The Council receives an annual subsidy for Benefits Administration. In 2014/15 the grant allocation totalled £891k, for which £175k was for administering the Localised Support for Council Tax Scheme and £715k was for administering the Housing Benefit Scheme.	106,883

		£
	<p>In similar vein to recent years, Central Government have again cut this allocation nationally to account for efficiency targets. The Borough Council's award for 2015/16 has been cut to £784k, (£162k for administering the Localised Support for Council Tax Scheme and £622k was for administering the Housing Benefit Scheme).</p> <p>The reduction in grant funding equates to £107k (12.0%)</p>	
Payroll & HR System	<p>As part of the efficiency review of the payroll service, the Council's Corporate Efficiency Partner (Northgate) competitively procured a new payroll solution on behalf of the Council. As a result of this procurement process the revenue budget for providing payroll services was reduced to £6k. Unfortunately, due to problems with implementing the system, this project has been terminated and the council has had to extend the contract with its current payroll provider. The cost currently being paid for the service exceeds budget by £28k per annum.</p> <p>The service is currently working with East Riding Council, who will provide a software hosting platform for payroll from April 2015 (ref 14/342). Although the costs of the payroll solution will realise a saving of £17,300 compared to the current revenue cost the Council intend to develop integrated HR functionality in conjunction with ERY which will reduce the savings to £7,860. The integrated HR functionality will enable more efficient ways of working through self-service for staff and managers, travel, expenses and absence which will in the future provide savings which will be identified in future budget reports. However in the short term the savings identified in the original internal payroll solution are now deemed unachievable .</p>	20,590
Removal of one-off funding used to balance the 2014/15 budget	The Council used one-off funding to balance the budget in 2014/15 and this funding is no longer available in 2015/16.	36,880
Non achievement of savings put forward in earlier years	<p>The quarterly monitoring report, presented to Cabinet in November 2014, highlighted a number of areas where budget savings, identified in previous years, looked unlikely to be achieved.</p> <p>Directors were asked to review these areas and the following are either deemed unachievable or have been superseded by other savings or changes within the Council.</p>	248,250

		£
	<p>Savings included within 2014/15 budget setting</p> <ul style="list-style-type: none"> • Partnership working with ERYC (HB & HR) - £25,000 • Fuel procurement 14/15 - £30,000 • Manor Road nursery 14/15 - £30,000 • Democratic services 14/15 - £30,000 • ICT Licence Fees 14/15 - £50,000 • Replacement of EDM Northgate system 14/15 - £16,250. (This will be not be achieved until the roll out of the corporate system is complete and the Northgate system decommissioned 2015/16) <p>Savings included within 2013/14 budget setting</p> <ul style="list-style-type: none"> • Vehicle double shifting - £27,000 • Merge of HB & Customer First - £25,000 (not undertaken as partnership proposals pursued by HB with East Riding as an alternative) <p>Savings included within 2012/13 budget setting</p> <ul style="list-style-type: none"> • CCTV income and inflationary increases- £15,000 	
Schedule B Registration income	Environmental Health Schedule B registrations have reduced in recent years and the income budgets included within the service budgets are no longer achievable. The drop in registrations is due to two sites now requiring Schedule A registration. The income from Schedule A registrations goes to the Environment Agency and therefore can no longer be included within the Council's budget.	14,000
Loss of YCH Parks contract	<p>All operating costs associated with this contract have been removed from the budget and, where appropriate, employees have TUPE transferred to Yorkshire Coast Homes. The contract in place did, however, also contribute to the support service and management costs of the Council and savings will have been realised in prior years as a result of this.</p> <p>It has not been possible to identify savings to offset this from across Council departments.</p>	42,900
HIMO Inspection income	The Council has a statutory obligation to licence Houses in Multiple Occupation. Over the last couple of years it has become apparent that the assumptions behind the number of properties subject to the licence regime were overly ambitious. The	16,000

		£
	income targets therefore need reducing in line with the actual income being received.	
Firmstep – Purchase Mobile App	<p>The Firmstep suite of products, which are delivering the councils new website and self service capability, have provided the opportunity to move forward more quickly with our aspirations to provide more efficient mobile working for staff who work out on the field. Firmstep have designed a new mobile "App" that will enable staff to complete electronic forms on tablet devices even in areas where there is no broadband access. Once they move to an area that has web access the forms will transfer automatically into the appropriate systems within the council network.</p> <p>The upfront costs of the “App” have been funded from the Council's ‘New Ways of Working’ budget and this increase to the budget will fund the on-going maintenance costs and corporate annual license fee. We have already seen the service delivery savings benefits start to accrue from the implementation of the Firmstep platform. The Councils Home Improvement Service now utilise the Firmstep products to deliver the handyperson scheme in Scarborough and Ryedale. This has resulted in the service area being able to put forward savings for the 2015/16 budget of £7k, (Firmstep provides the necessary casework system that has meant an additional external system is not required). Also £6K efficiency savings in reduced travelling time and administration (allowing the Half Steps work to be brought in house rather than having to pay a sub-contractor to undertake the work). The purchase and implementation of the mobile App will support similar new more efficient service delivery process to be implemented across the Council.</p>	25,000
Idox – corporate workflow	<p>A corporate workflow system needs to be purchased from IDox for the Benefits service to replace the current workflow provided as part of the Northgate Iclipse EDM system. This will enable the Northgate EDM system to be decommissioned. ICT are currently developing a business case for this and the plan is to switch from the Northgate workflow to IDox in 2015/16.</p> <p>This will provide an improved system and enable the Benefits service to be fully migrated from their current Northgate EDM system onto the new corporate EDRM system. This will ensure we get maximum benefit from consolidating service delivery on the new system, In addition the IDox system provides additional benefits of a Records Management capability, which will reduce time spent on records management and archiving.</p>	8,000

		£
	The one off capital cost will be funded from monies set aside in the ICT capital fund and could be up to £40k, with consultancy costs on top of this. Based on a 20% annual support and maintenance contract this would lead to annual costs of £8k per annum. When savings are realised from turning off the Northgate Iclipse system then these will be recognised, as they are achieved, as savings in future years.	
Elections Post	The establishment of a new post within the elections service to provide additional resource.	23,000
TOTAL		649,403

MEETING PRIORITIES

BID	DETAILS	£
Increase in annual revenue contribution into Capital Development Reserve	The council must increase its annual contributions into the Capital Development Reserve to make provision for future projected capital expenditure.	50,000
Ring-fencing of Northstead Car Parking income	In September 2013 Council (report reference 13/307) approved that from 1 April 2014 a Sands Development Reserve be created by earmarking net car parking income received from the Sands Development area. These monies will be used to progress the Water Park aspect of the Sands Development.	200,000
Leisure Village	<p>In November 2013 Council approved borrowing of £5.57 million to progress aspects of the Leisure Village Development (13/363). It was reported at the time of that decision that the revenue costs associated with that level of borrowing would be £278k and that this would be funded from savings achieved on the procurement of an operator, business rates growth or through budgetary growth.</p> <p>The inclusion of budgetary growth in the 2015/16 budget reflects that the funding for the Leisure Village will likely be required in that year, however any operator savings will not be delivered until the site is operational. The process to procure a potential operator is continuing and final tender documentation will be issued to bidders in the coming months. Any savings in operating costs identified from that process will be reported to Members as part of the tender process and will be included as savings in future year revenue budgets.</p>	278,000
Futurist – Lower Tier Development	In September 2014 (report reference 14/312) Cabinet approved to progress negotiations to redevelop the lower tier Futurist site. It was reported at that time that the progression of the preferred developer's proposed scheme would result in reductions in rental income from the Futurist units and loss of car parking revenue from King Street Car Park. The total impact on the revenue budget is £40k per annum.	40,000
TOTAL		568,000

DESCRIPTION	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
<u>Savings identified in Interim Budget Report</u>						
Contingency and Inflation allowances	317,000			317,000	0.00	These budgets were retained in 2014/15 to fund unforeseen budgetary shortfalls and inflationary price increases but are not deemed to be required in future years.
Discretionary Rate Relief	106,000			106,000	0.00	The cost of discretionary rate relief was previously funded from the Council's revenue budgets, however is now incorporated within the localised business rates scheme and is accounted for within the business rate projection therefore the budget is no longer required.
Growth on the localised business rates scheme	700,000			700,000	0.00	The Council has acted proactively to increase the number and values of properties in its business rates list and as a result has benefited from the localisation of business rates since it came in on 1 April 2013. This saving reflects the additional income that the Council will retain above the notional baseline set by government in the Local Government Finance Settlement
New Homes Bonus 2014/15 allocation	272,000			272,000	0.00	The Council's NHB allocation for 2014/15 was not committed in the base budget due to uncertainties surrounding the future of the scheme and level of allocations. The outcome of a government review of the NHB is still awaited, however there have been no further announcements on proposed funding cuts therefore the 2014/15 allocation has been included in base budget.
Reduce contribution to Value for Money Reserve	50,000			50,000	0.00	The Council previously contributed £50k of its revenue budget to a Value for Money Reserve to provide a resource to support the efficiency agenda. The contribution to this reserve will reduce to nil from 2015/16. Any efficiency schemes identified will be funded on an Invest to Save basis through the Council's base revenue or capital budget.

DESCRIPTION	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Reduce contribution to Capital Contingency Reserve	50,000			50,000	0.00	The Council previously contributed £150k of its revenue budget to a Capital Contingency Reserve, which provides funding for small scale ad-hoc capital schemes and contingency funding for unforeseen costs on capital schemes. The contribution to this reserve will be reduced to £100k per annum from 2015/16
Residual corporate salary budgets	50,000			50,000	0.00	A review of budgets provided for salary increments, pay awards and pension increases has identified savings of £50k in budget. These budgets are not deemed to be required in future years
Sub Total Interim Budget Report Savings	1,545,000	0	0	1,545,000	0.00	
<u>Deputy Chief Executive</u>						
Reduction in Area Committee Grants			40,000	40,000		A review of Area Committee grants is ongoing. Proposals for this restructure are ready and staff consultation is underway.
Service management restructure	24,000			24,000	0.50	
Market income	20,000			20,000		Budgetary growth of £50k was used to reduce market income budgets in 2013/14. Surplus income is now being achieved
Economic Development	15,000			15,000		Staffing costs to be switched from revenue to capital (resources employed on Coastal Communities scheme)
Reductions in Town Centre Management costs	10,000			10,000		Reductions in base budgets for Town Centre Management. Achieved in 2013/14 and 2014/15 therefore no impact on service levels.
Public Relations	5,500			5,500		Reductions in base budgets for Public Relations. Achieved in 2013/14 and 2014/15 therefore no impact on service levels
ICT Restructure	32,900			32,900	1.00	Deletion of vacant post
Projects and Technical Services	7,000			7,000		Budget tidy up. No impact on services.
Sub Total Deputy Chief Executive	114,400	0	40,000	154,400	1.50	
<u>Director of Service Delivery</u>						

DESCRIPTION	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Introduction of charges for green waste collection			0	0		Saving removed based on views of members of Resources O&S Committee (Nov 14)
Reduction in Pest Control budget	5,000			5,000		
Glass collection	11,000			11,000	0.50	FYE of staffing saving put forward last year
HIA	7,000			7,000		Combination of budget tidy, increased income and use of Firmstep rather than an external IT system
Reduce Bonds budget			15,000	15,000		Alternative funding source identified
General budget reductions	4,000			4,000		Health Officer's Equipment
General budget reductions	6,000			6,000		Health Officer's Car Allowances
General budget reductions	5,000			5,000		Food Safety Income
General budget reductions	8,000			8,000		Animal Welfare Vet Fees
Animal Welfare Fees and Charges	180			180		2% increase
Cemeteries Fees and Charges	3,000			3,000		2% increase
Crematorium Fees and Charges	14,500			14,500		2% increase
Charge developers for the cost of bins	10,000			10,000		
External contracts additional income	3,000			3,000		Parks
Increase income from Filey Brigg Caravan site		15,000		15,000		Joint work involving Tourism Bureau plus additional income already being achieved from the facility
Indoor Leisure Income	23,000			23,000		Additional income being generated at indoor leisure sites
Scalby Manor Caravan Site rental income	9,000			9,000		Additional rental income currently being generated from the site but not reflected in base budget
Salary savings in public conveniences		10,000		10,000	0.50	Cost savings currently being achieved against budget. No impact on service levels
Salary and materials savings in parks		50,000		50,000	1.00	Cost savings achieved against budget in 13/14 and current year. No impact on service levels
TC 55, reduce from 30 to 21 hours	3,900			3,900	0.24	Change already occurred,
Reduce hours in Tourism Bureau	2,000			2,000		
Scarborough Indoor Pool Fees and Charges	8,000			8,000		2% increase
Sports & Leisure Centres Fees and Charges	15,000			15,000		2% increase
Beach Chalets Fees and Charges	2,500			2,500		2% increase
Income from new beach chalets at Whitby	13,000			13,000		Additional income £18k less £5k budget to improve maintenance on existing chalets

DESCRIPTION	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Filey Community Centre Fees and Charges	500			500		2% increase
Service Management Restructure	10,000			10,000	0.50	Proposals for this restructure are ready and staff consultation is underway. Savings achieved by reduction of CF management resources and responsibilities for TIC's being taken on by Tourism
Reduce Car Parking Machinery Budget	10,000			10,000		Current rate of growth in equipment fund exceeds needs
Revise the income target for Car Parking based on a 3 year rolling average		30,000		30,000		Based on a 3 year average income
Market Planning expertise	2,000			2,000		
Planning - small staffing reduction	4,000			4,000	0.20	Reduce post from full time to 4 days per week.
Changes to press advertising for applications in Conservation Areas	10,000			10,000		Relates to less controversial applications in conservation areas
Transfer Housing Benefit calls from Customer First to Benefits	25,000			25,000	1.00	Work is being undertaken within Benefits to transfer Customer First staff achieved by reduction of 1FTE in CF
Discontinue the Housing Benefit Freephone	4,500			4,500		Service is little used and potentially more expensive for mobile phone users
Discontinue use of Benefits RB Solutions software	6,250			6,250		Will need to put in place compensatory quality sampling
Rural Housing Enabler	5,800			5,800		Switch funding from revenue to commuted sums
Housing Membership	1,030			1,030		Cancel membership of Northern Housing Consortium
HIA Half Steps	6,000			6,000		Efficiency savings from bringing work in-house rather than sub contracting. Enabled by Firmstep mobile working technology
Reduced liabilities at Keilia Court		2,000		2,000		Reduction in SBC liabilities re potential voids
Cash Collection		20,000		20,000	0.50	Efficiency savings achievable from the transfer of the in-house cash collection service from Customer services to Car Parking and Finance. The proposal will result in the deletion of a recently vacated Team Leader post
Village Caretakers		10,000		10,000		
Reduction in additional hours budget in the Housing Benefits service		10,000		10,000		

DESCRIPTION	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Director's Travel & Subsistence	6,000			6,000		Director of Service Delivery travelling and subsistence budget
Sub Total Director of Service Delivery	244,160	147,000	15,000	406,160	4.94	
<u>Director of Legal & Democratic Services</u>						
Policy and Performance	10,000			10,000		Reductions in base budgets for Policy & Performance. Achieved in 2013/14 and 2014/15 therefore no impact on service levels
Corporate Subscriptions	5,000			5,000		Reductions in base budgets for corporate subscriptions. Achieved in 2013/14 and 2014/15 therefore no impact on service levels
Print costs	48,000			48,000		Savings in corporate print costs
Reductions in mayoral and administration staffing budgets	11,400			11,400		
Total for Director of Legal & Democratic Services	74,400	0	0	74,400	0.00	
<u>Director of Business Support</u>						
Internal Audit Restructure	16,650			16,650	0.50	Removal of vacant post as a result of a restructure and zero based budget approach to the Internal Audit Service.
Finance Staffing Restructure	20,000			20,000	0.80	Net reduction in accountancy and accounts payable staff. Part saving proposed for a restructure of the asset management team.
Estates and Asset Management Restructure		10,000		10,000	0.50	
Rental income	32,000			32,000		Surplus rental income currently being achieved from rental properties
Cash Collection		13,000		13,000	0.50	Efficiency savings achievable from the transfer of the in-house cash collection service from Customer services to Car Parking and Finance. The proposal will result in the deletion of a recently vacated Team Leader post
Scarborough Harbour budget reductions	5,750			5,750	0.00	General budget reductions at Scarborough Harbour

DESCRIPTION	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Total for Director of Business Support	74,400	23,000	0	97,400	2.30	
Corporate (areas under review)						
Parish LSCT grants	82,000			82,000	0.00	Removal of grants paid to Parish Councils to reimburse them for costs associated with the Localised Support for Council Tax Scheme which came into effect on 1 April 2013
Reductions in Council funding provided for Disabled Facility Grants		99,000		99,000		Assumes that current levels of Central Govt funding are maintained.
NNDR RPI grant		40,000		40,000		Grant received to compensate for the NNDR cap applied in 2014/15. Previously announced that this would be paid in 2015/16, however this is dependent on the outcome of the Settlement
Review of Public Conveniences				0		Overview and Scrutiny Review ongoing. Any savings identified will likely be reinvested in the service.
New Homes Bonus allocation for 2015/16	132,000			132,000		Final allocations have yet to be announced. This figure does not make any allowance for the premium for additional affordable housing. This figure will not be known until the final settlement figures are received.
Review of credit card charges		20,000		20,000		A 1.5% surcharge will be added to payments made by credit card via the Internet, Intranet or phone. This will cover third party transaction costs incurred by the Council on those payments.
Footway Lighting		5,000		5,000		Savings in maintenance and utility costs following the adoption of lighting columns by NYCC as a result of SBC capital upgrades.
Review of Car Allowances				0		Review ongoing.
Grant to Stephen Joseph Theatre	28,500			28,500		Ongoing grant reductions negotiated with the Theatre Trust delivered in 2014/15.
Museums Subsidy				0		Officers and members are negotiating with the Trust re their contract price and the level of services delivered.
Housing Benefit Subsidy	57,000			57,000		Improved subsidy recovery due to improved performance and collection of overpayments.

DESCRIPTION	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
New Burdens Grant for LSCT	30,000			30,000		Funding announced in LGFS. Indications given that this funding will be included in the LSCT admin grant in future years
Efficiency Support Grant	78,000			78,000		Funding announced in LGFS. Unsure whether this will be included in base funding for future years
Reductions in grants payable to voluntary organisations		11,500		11,500		Reductions in voluntary sector grant payments
Total for Corporate	407,500	175,500	0	583,000	0.00	

Overall Total (excluding those where savings not known)	2,459,860	345,500	55,000	2,860,360	8.24	
---	-----------	---------	--------	-----------	------	--