

| Bath & North East Somerset Council | | |
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| MEETING: | Council | |
| MEETING DATE: | 9th November 2017 | EXECUTIVE FORWARD PLAN REFERENCE: |
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| TITLE: | Efficiency Strategy | |
| WARD: | All | |
| AN OPEN PUBLIC ITEM | | |
| List of attachments to this report: Efficiency Strategy | | |

1 THE ISSUE

- 1.1 The Efficiency Strategy was presented to Cabinet on the 11th October 2017 as part of the Medium Term Financial Strategy. The Efficiency Strategy is a key component in the delivery of that overall strategy and requires Council approval.
- 1.2 As part of mitigating the budget gap to bring forward savings from Commercial Property investment, a request to bring forward capital budget of £12.3m to deliver part of the £825,000 2018/19 income target in the 2017/18 financial year, should suitable opportunities become available.

2 RECOMMENDATION

The Council is asked to;

- 2.1 Approve the attached Efficiency Strategy, and associated changes in the Prudential Indicators as set out in Appendix A.
- 2.2 To approve an increase in the 2017/18 borrowing limits of £12.3m by bringing forward approved borrowing from 2018/19, to facilitate the acceleration of revenue savings from Commercial Property investment.
- 2.3 To approve the associated adjustments to the capital programme to reflect the revised profile of budget for Commercial Property investment with £12.3m brought forward to 2017/18 from 2018/19.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The Strategy seeks to utilise capital receipts to finance spend that results in long term savings for the Council. The target is to release £10m by the end of 2018/19. This means that those receipts will not be available to fund the capital programme. The effects of this have been factored into the Medium Term Financial Strategy. The notional impact on Prudential Indicators is contained within the report.
- 3.2 In addition to this to mitigate in-year pressures it may be possible to bring forward a Commercial Property purchase from 2018/19 into this financial year to earn additional income. This requires the borrowing limit to be increased by £12.3m in this financial year and re-profiling of capital budgets to reflect this change. There will be no overall impact on borrowing levels as is shown within the Prudential Indicators contained within the Efficiency Strategy.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The strategy as outlined is part of the preparation for budget and Council Tax setting for 2018/19 that will be considered by this Council in February 2018.

5 THE REPORT

- 5.1 Central Government outlined in December 2015 that local authorities could under certain circumstances utilise capital receipts for revenue expenditure to release long term savings. The flexibility will cease in March 2019. The Efficiency Strategy therefore forms a key part of the Medium Term Financial Strategy in delivering the savings required.
- 5.2 The Directorate Plans for 2018/19 include an additional £825,000 for Commercial Income. It may be possible to accelerate a purchase from next year to this year to mitigate some of the current year financial pressures. This will require the borrowing limit to be increased by £12.3m in 2017/18. There is no long term impact on overall borrowing levels by agreeing this, just a re-profiling from 2018/19 into 2017/18.

6 RATIONALE

- 6.1 The rationale for the recommendations is contained in the supporting paper to this report.

7 OTHER OPTIONS CONSIDERED

- 7.1 The only other option would be to utilise Non-Earmarked reserves which would take those reserves below the required minimum to meet the Council's financial risks.

8 CONSULTATION

- 8.1 A consultation plan has been prepared as part of the Medium Term Financial Strategy to ensure stakeholder engagement for the strategy, followed by consultation on individual budget proposals with a wide range of stakeholders before the budget is considered for approval in February 2018. A special meeting of PDS Resources Forum took place on October 31st 2017 to which all

elected members of the Council were invited. The consultation will include the November Community Forums.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

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| Contact person | <i>Donna Parham, Divisional Director – Business Support (01225) 477468</i> |
| Background papers | <i>Medium Term Financial Strategy – Cabinet agenda October 2017</i> |
| Please contact the report author if you need to access this report in an alternative format | |