

BRECKLAND DISTRICT COUNCIL

Report of: Suzanne Jones, Executive Director Commercialisation (ARP Treasurer)

To: ARP Joint Committee, 10 January 2017

(Author: Suzanne Jones, Executive Director Commercialisation)

Subject: ARP Joint Committee Partnership Budget

Purpose: To set the annual revenue budgets relevant to the Joint Committee for 17-18 and indicative budgets for 18-19 and 19-20

Recommendation(s):

- 1) That the partnership budget at Appendix A for 2017-18 be approved
- 2) That the full 2016-17 under spend is allocated as follows:
 - i) £10k is contributed to the ARP investment fund to be spent on production of a compendium of company documents for ARP Trading
 - ii) Up to a maximum of £171k be held in reserve to cover any timing shortfall in achievement of efficiencies in 2017-18
 - iii) The remaining balance be distributed back to partners

1.0 BACKGROUND

1.1 In December 2015 the Joint Committee approved a strategic budget for ARP which kept the base budget (in order to retain capacity to enable redirection of resources) whilst creating an investment fund used to invest in trading, growth and efficiencies, which in turn delivers savings in future years. This proposed budget continues this approach and includes the same levels of efficiency targets as set last year.

1.2 Transformation

The transformation programme has made good progress to date, delivering some efficiencies in 2016-17, earlier than forecast. The new Enforcement service has exceeded expectations and provides a well respected service whilst delivering additional income to the partners. The table below details the target savings and the savings achieved to date. Further work is required and is in progress to generate the remaining efficiency targets.

	2017-18	2018-19	2019-20
	£	£	£
ARP Efficiency Targets	531,824	1,017,397	1,017,397
Efficiencies made to date:			
Postage contract	(20,960)	(19,250)	(15,670)
County Council Fraud funding (Income)	(105,000)	(105,000)	(105,000)
Enforcement Service	(234,736)	(215,693)	(202,642)
Total Efficiencies Made to Date	(360,696)	(339,943)	(323,312)
Remaining Efficiency Target	171,128	677,454	694,085

1.3 **Budget**

A base budget is still required to run the core services and also retain capacity to enable the achievement of income generation through ARP Trading in the future. This budget has been set in line with the current year and working papers have been prepared by service management in conjunction with service accountants and reviewed by the S151 Officer for each partner authority. The budgets cover the costs and revenues for providing Council Tax, Housing Benefit payments, Non-Domestic Rates collection services and the enforcement service for the seven authorities.

Benefits payments and subsidies, court fee income and other grants specific to the individual authorities are not included within the partnership budgets, as these are the direct responsibility of the individual authority and have been reflected in their direct budgets.

1.4 Appendix A sets out the proposed budget for 2017-18 compared to the budget for 2016-17, with indicative budgets for the following two years. Further tables show the share of costs for each authority, and the proportion that any additional costs or savings against the budget will be shared. The share of the overall budget is split between the different percentages as per the updated Joint Committee 7 partner agreement. In setting this budget various key assumptions have been made:

- A pay award of 1% in all years in line with central government
- A vacancy factor of 2.5% in all years
- No inflation on supplies & services as the assumption is that inflation can be contained through future procurement savings
- Savings targets starting in 2017-18 at the same levels as set last year less efficiencies already achieved

It should be noted that the indicative budget for 2019-20 of £9,079k is some 3% lower than the 2015-16 budget (subject to the efficiencies being delivered).

1.5 **2016-17 Financial Performance**

The forecast out-turn for 2016-17 shows a below budget spend of £455k, mainly as a result of efficiencies achieved earlier than planned (including the Enforcement service) and reduced salary costs. This report recommends that this saving is allocated in three ways:

- £10k is contributed to the ARP investment fund to be spent on production of a compendium of company documents for ARP Trading
- Up to a maximum of £171k be held in reserve to cover any timing shortfall in achievement of efficiencies in 2017-18
- The remaining balance be distributed back to the partners

This provides a return on investment to the partners in advance of the expected return whilst also providing a contingency to allow for potential timing delays in the achievement of efficiencies for 2017-18. If approved the estimated balance distributed back to partners would be:

Partner Authority	£'000
Breckland	£48k
East Cambridgeshire	£26k
Fenland	£39k
Forest Heath	£26k
St Edmundsbury	£38k
Suffolk Coastal	£43k
Waveney	£54k
TOTAL	£274k

2.0 **OPTIONS**

- 2.1 That the partnership budget at Appendix A for 2017-18 be approved and that the full 2016-17 under spend is allocated as follows: £10k is contributed to the ARP investment fund to be spent on production of a compendium of company documents for ARP Trading, Up to a maximum of £171k be held in reserve to cover any timing shortfall in achievement of efficiencies in 2017-18 and the remaining balance be distributed back to the partners.
- 2.2 That amendments are made to the partnership budget and then approved and that the full 2016-17 under spend is allocated for a different purpose

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 These budgets will enable ARP to continue its strategic focus moving forwards and will form the basis for monitoring financial performance by the Joint Committee in the next financial year. The contributions form part of the individual authority's base budgets for the year.

4.0 **EXPECTED BENEFITS**

- 4.1 By setting these budgets the partner authorities are able to use the information to set their own budgets and we have a basis for monitoring the financial performance for the next financial year.

5.0 **IMPLICATIONS**

5.4 **Corporate Priorities**

- 5.4.1 The budgets have been set with regard to corporate priorities and the need to provide value for money services

5.7 **Financial**

- 5.7.1 The financial information is set out in the appendix

5.10 **Risk Management**

- 5.10.1 The DWP has announced the Universal Credit (UC) full service roll out schedule for new claims, which for ARP ranges from October 2017 through to September 2018. This change will affect all working age customers who would otherwise make a claim for Housing Benefit, but it does not affect pensioners and largely does not affect our existing customers.
- 5.10.2 It is anticipated there will be reductions in the Housing Benefit Administration grant in the future as a result of the move to UC and the efficiency targets within the budget reflect the estimated reductions. What funding councils may receive via new burdens funding and council tax support grant is not yet known.
- 5.10.3 The budgets assume that the full efficiency targets are achieved and this will be monitored through the quarterly financial reports.

5.11 **Staffing**

- 5.11.1 The budget has been prepared based on the approved establishment of ARP.

5.12 **Stakeholders / Consultation / Timescales**

5.12.1 This budget runs from 1 April 2017 to 31 March 2018, with future years given as indicative figures only

5.12.2 Partner authorities accountants and S151 Officers have been consulted with in preparing this budget

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A

7.0 **ACRONYMS**

7.1 DWP – Department for work & Pensions

7.2 UC – Universal Credit

Background papers:- None

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Key Decision: No

Exempt Decision: No

This report refers to Mandatory & Discretionary Services

Appendices attached to this report:

Appendix A ARP Joint Committee budget