

BRECKLAND DISTRICT COUNCIL

Report of: Christine Marshall, Executive Director Commercialisation (ARP Treasurer)

To: ARP Joint Committee, 5 December 2017

(Author: Christine Marshall, Executive Director Commercialisation)

Subject: ARP Joint Committee Partnership Budget

Purpose: To set the annual revenue budgets relevant to the Joint Committee for 18-19 and indicative budgets for 19-20 and 20-21

Recommendation(s):

- 1) That the partnership budget at Appendix A for 2018-19 be approved
- 2) That any final full year 2017-18 surplus for the partnership is distributed back to the partner authorities in the approved shares

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 in 2015-16.

1.2 Transformation

The transformation programme has made good progress to date and is on track to deliver the full years target in 2017-18 with much of the 2018-19 target already achieved. The new Enforcement service continues to exceed 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, plus an additional efficiency added to cover increased budget pressures from 18-19. 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)	(474,319)	(458,434)
Consultancy service	(80,000)	(80,000)	(80,000)
Fraud Income service	(30,558)	(15,500)	(15,600)
Total Efficiencies Made to Date	(471,254)	(694,069)	(674,704)
Efficiency to cover increased costs	-	50,239	81,407
Remaining Efficiency Target	60,570	373,567	424,100

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 2018-19 compared to the budget for 2017-18, 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 at the same levels as set last year less efficiencies already achieved plus an allowance to cover increased budget pressures

There is a risk of costs changing if any of these assumptions prove incorrect. For example a 2% pay increase would increase the budget by around £56k in 2018-19.

It should be noted that the indicative budget for 2020-21 of £8,888k is some 5.4% lower than the 2015-16 budget (subject to the efficiencies being delivered).

1.5 **2017-18 Financial Performance**

The forecast out-turn for 2017-18 shows a small below budget spend of £13k. Other factors which may occur in the next 6 months could increase this below budget spend further (for example: additional enforcement income, further vacant posts, etc). This report therefore recommends that the year end saving is distributed back to the partner authorities, providing a return on their investment, in advance of the expected return.

2.0 **OPTIONS**

2.1 That the partnership budget at Appendix A for 2018-19 be approved and that the final full year 2017-18 surplus for the partnership is distributed back to the partner authorities in the approved shares.

2.2 That amendments are made to the partnership budget and then approved and that the full 2017-18 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**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 **Corporate Priorities**

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

5.2 **Financial**

- 5.2.1 Financial information is included within the appendix.

5.3 **Risk Management**

- 5.3.1 The efficiency target set for the ARP is designed to meet the estimated reduction in administration grants that each Authority will receive due to the roll out of Universal Credit. If estimates are wrong then Authorities will see a reduction in grant income that is greater than the ARP efficiency targets.

As at 2017/18 the estimates of grant reduction have been greater than the actual reduction in grant income however the levels of future income are unclear and each Council will need to be aware of the risk that estimated income will be less than budgeted for.

5.4 **Staffing**

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

5.5 **Stakeholders / Consultation / Timescales**

- 5.5.1 The budget runs from 1 April 2018 to 31 March 2019, with future years given as indicative figures only.
- 5.5.2 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 ARP – Anglia Revenues Partnership

Background papers:-

[See The Committee Report Guide for guidance on how to complete this section](#)

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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