	REPORT TO CABINET TO BE HELD ON 11 DECEMBER 2018	
	Key Decision	**YES**
	Forward Plan Ref No	
Corporate Priority: Meets all Corporate Priorities	**Cabinet Portfolio Holder**	**Cllr Helen Mallory**

REPORT OF: DIRECTOR (NE) – 18/300

WARDS AFFECTED: ALL

SUBJECT: DRAFT REVENUE BUDGET 2019/20 TO 2021/22

RECOMMENDATION (S):

It is recommended that Cabinet approve:

(i) the Council Tax Base for 2019/20 as 38,397 Band D equivalent properties and a one-off Council Tax Collection Fund surplus of £1.29m, the Council's share of which is £165,297;

(ii) that in future years the authority to approve the Council Tax Base and Collection Fund surplus or deficit be delegated to the Council's Section 151 Officer;

(iii) that the authority to approve the NNDR1 Return and Business Rates Collection Fund surplus for 2019/20 and future years be delegated to the Council's Section 151 Officer;

It is recommended that Cabinet:

(iv) endorse the draft revenue budget proposals set out in the appendices to this report prior to them being re-presented to Cabinet and Full Council for approval in early 2019; with particular attention being given to the proposed 2.99% Council Tax increase for a Band D property for the 2019/20 year, the 2019/20 savings proposals listed at Appendix A3 and the proposed strategy to address the projected funding gaps to 2022. If the Council Tax increase or any savings proposals listed are deemed by Members to be unacceptable alternative savings of an equivalent value must be identified;

(v) note the following Council Tax discount and premiums for the 2019/20 year, which remain unchanged from those approved by Council for 2018/19:

- 0% Council Tax discount on Class B second homes
- 10% Council Tax discount on Class A second homes
- 0% Council Tax discount on properties undergoing major repair or structural alteration
- 100% discount for (Class C) properties which are empty and unfurnished for the first 28 days a property becomes empty, followed by a 0% discount thereafter

(vi) note that the Council Tax premium on properties that have been empty and unfurnished for more than 2 years will increase from 50% to 100% for the 2019/20 year onwards, as approved by Council as part of 2018/19 budget setting process

(vii) subject to the approval of the above recommendations agree that officers enter into a period of consultation on the proposals contained within this report;

REASON FOR RECOMMENDATION (S):

Full Council must approve the 2019/20 budget, and associated Council Tax level at its meeting on 1 March 2019. It is important that the Council consults with the public on its budget prior to it being approved, and that the areas identified in the consultation process are taken into consideration in the budget setting process.

The extension of the budget setting period to three years will allow savings to be endorsed by members earlier and provide more time for savings to be identified and delivered.

HIGHLIGHTED RISKS:

- That the Council does not set a robust or balanced budget.

1. INTRODUCTION

1.1 This report sets out the Council's detailed draft revenue proposals for 2019/20 as well as the high level budget proposals and strategy for the period to 2022.

1.2 The Council is required to calculate its Council Tax Base and Council Tax Collection Fund surplus or deficit by the 31 January each year. Both Billing and Precepting Authorities use the tax base in calculating their Council Tax. Accordingly, the figures will be formally advised to the North Yorkshire County Council, Police and Crime Commissioner North Yorkshire and the North Yorkshire Fire and Rescue Service in order to enable them to determine their precepting requirements. In future years it is proposed that the authority to approve these figures be delegated to the Council's Section 151 Officer.

1.3 The Council is required to set a baseline income level for business rates collection during the year along with an estimate of the surplus or deficit on the Business Rates Collection Fund. These figures must be formally advised to Central Government, North Yorkshire County Council and North Yorkshire Fire and Rescue Authority through the submission of an NNDR 1 form by 31 January.

1.4 Full Council must approve the 2019/20 budget and associated Council Tax level at its meeting on 1 March 2019 and it is important that the Council consults with the public on its budget prior to it being approved.

2. CORPORATE AIMS/PRIORITIES AND THE COMMUNITY PLAN

2.1 The proposals set out in this report impact on all Council corporate aims and priorities.

3. BACKGROUND AND ISSUES

3.1 The Council's Financial Strategy is based on five-year revenue projections and a ten-year capital plan, which are reviewed annually. The Council's revised Strategy for 2019-2029 will be presented to Full Council for approval in March. This report sets out the draft proposals for the revenue budget, which form part of the overall Financial Strategy.

3.2 Over the financial years 2010/11 to 2018/19 the Council has had to identify ongoing savings of circa £18m from its annual revenue budget. As staffing resources reduce and savings become harder to identify it is becoming apparent that the length of time needed to deliver savings is increasing.

3.3 Like many other local authorities the Council is keen to pursue commercial opportunities, which can generate financial returns to support the revenue budget, rather than relying purely on cuts in service or expenditure. It is acknowledged that this approach may require a longer planning period and lead in time to deliver the required financial returns and with that in mind the Council has now moved towards a more detailed 3-year revenue budget setting programme.

3.4 Council Tax Base Setting

3.4.1 The tax base is calculated for the whole area of the Scarborough Borough and is split across each parished and unparished area. The tax base is the estimated full year equivalent number of chargeable dwellings in each parish, expressed as the equivalent number of discounted Band D Dwellings.

3.4.2 It is proposed that the Council Tax Base for tax setting purposes be set at 38,397 for 2019/20. The tax base by Parish is set out at Appendix B.

3.4.3 Each year the Council must calculate a surplus or deficit position for its Council Tax Collection Fund. This figure has been calculated at £1.29m. The Council's share of this surplus is £165k. It is proposed that for future years the authority to approve the Council Tax base and Collection Fund surplus be delegated to the Council's Section 151 Officer.

3.5 Council Tax Discounts and Exemptions

3.5.1 The Local Government Finance Act 2012 provided opportunities for Local Authorities to raise additional revenue from Council Tax by amending discounts on second homes and empty properties. The Borough Council opted to utilise this new legislation to reduce a number of Council Tax discounts in 2013/14 in order to raise additional Council Tax revenue. These changes came into effect on 1 April 2013 and were further reviewed for 2014/15 and 2015/16. The proposed position for 2019/20 is the same as that approved for 2017/18 for the discounts summarised below:

- The Council Tax Discount on second homes is set at 0% for 2019/20, which is in line with the 0% discount applied since 2013/14.

- The Council Tax discount on second homes which have planning restrictions on occupancy is set at 10% for 2019/20, which is in line with the discount applied since 2016/17.

- The Council Tax Discount for properties undergoing major repair or structural alteration is set at 0% for 2019/20, which is in line with the 0% discount applied since 2013/14.

- The Council Tax Discount for properties which are empty and unfurnished (Class C) is set at 100% discount for the first 28 days a property becomes empty and unfurnished followed by a 0% discount, which is in line with the discount applied since 2015/16.

3.5.2 In its 2017 Autumn Statement the Government announced that local authorities would be given the powers to charge a 100% Council Tax premium on properties that have been empty and unfurnished for more than 2 years, rather than the previously allowed maximum of 50%. The aim of this premium is to incentivise owners to bring the properties back into use. The legislation for this change has now come into effect and will be applied by the Council for the 2019/20 year. This change in policy was approved by Council last year.

3.6 Business Rates Retention Scheme (NNDR 1 form)

3.6.1 The localised business rate retention scheme came into effect on 1 April 2013. Under the localised scheme the Council is set a baseline income level for rates collection in a year. The income collected against this baseline is distributed between Central Government, North Yorkshire County Council and North Yorkshire Fire and Rescue Service in predetermined levels.

3.6.2 Under the localised business rate scheme the Council must approve its NNDR1 Return and submit it to MCHLG by the end of January 2019. It must also notify North Yorkshire County Council and North Yorkshire Fire & Rescue Service of their respective shares of anticipated business rate income by the same date. It is proposed that the approval of the NNDR1 Return be delegated to the Director (NE).

3.6.3 The NNDR 1 form will include details of the anticipated surplus or deficit on the 2018/19 localised business rate scheme as well as income projections for 2019/20. The business rate calculations have not yet been finalised, however will be reported in the final budget report.

4. CONSULTATION

4.1 It is important that the Council considers the views of its stakeholders in the budget setting process.

4.2 All Members have been invited to attend seminars to go through the budget proposals in detail and will be asked to provide feedback at these sessions. A link will also be added to the Council's website to allow all stakeholders and interested parties to submit feedback online.

5. ASSESSMENT

5.1 The draft revenue budget proposals for the period 2019/20 to 2021/22 are attached at Appendix A.

5.1.2 The appendix sets out the revenue budget proposals over that period, including funding projections, ongoing investment in priority areas, savings proposals and proposed Council Tax levels.

5.1.3 In March 2019 Full Council will be asked to approve the budget proposals and associated council tax levels for the 2019/20 year as well as endorse the high level proposals for 2020/21 and 2021/22.

6. IMPLICATIONS

6.1 Policy

There are no policy implications arising from this report

6.2 Legal

There are no legal issues arising from this report. An Equality and Impact Assessment on the budget proposals will be completed prior to the Financial Strategy being presented to Full Council in March.

6.3 Financial

The financial implications are set out in detail in Appendix A.

6.4 Staffing Implications

The budget setting process will be closely managed and consultation will take place with 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.

All employees that could be directly affected by the changes will be notified of the proposals as soon as is reasonably practicable.

6.5 **Planning Implications, Crime and Disorder Implications, Health and Safety implications, Environmental implications**

I have considered whether implications arise from this report and am satisfied that there is no identified implication that will arise from this decision for this Council.

6.6 **Communication**

The budget proposals contained within this report will be disseminated to all staff within the Council via Service Unit Managers and all members have been invited to briefings on the proposals. The consultation will be included on the Council's website and will include links to this report.

Nicholas Edwards

Nicholas Edwards
Director

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Background Papers:

None

APPENDIX A

REVENUE BUDGET 2019/20 TO 2021/22 AND COUNCIL TAX 2019/20

1 INTRODUCTION

The Council's policy has always been to be as efficient as possible and protect front line services and since 2010 the Council has delivered savings of £18m from its annual revenue budget. Over that same period performance in many areas has increased.

As staffing resources reduce and savings become harder to identify it is becoming apparent that the length of time needed to deliver savings is increasing. With that in mind the Council has moved towards a more detailed 3-year revenue budget programme.

This appendix sets out the revenue budget proposals for 2019/20 along with the indicative projections and proposals for the period up to 2021/22, along with the associated levels of Council Tax.

It provides details of:

- Projected funding gaps over the period;
- Cost pressures and additional investment;
- The level of revenue resources available to the Council;
- The Strategy for addressing the projected funding gap;
- Efficiency and other savings proposals; and
- Investment in one-off funding priorities

2 FUNDING GAP PROJECTIONS 2019 TO 2022

Each year the Council faces cuts in core government funding as well as cost pressures. In addition investment in priority areas must be factored into the revenue budget, resulting in annual funding gaps which need to be balanced through the identification of savings. Budgetary savings may be delivered through cost reductions or the achievement of additional income.

Table 1 below set out the anticipated funding gaps over the period from 2019/20 to 2021/22 based on current budget projections:

Table 1 – Revenue Budget Funding Gap

	2019/20 £'000	2020/21 £'000	2021/22 £'000	Cumulative Total £'000
Pay and Price Inflation	756	428	408	1,592
Other budget pressures	264	140	61	465
Investment in priority areas	205	294	250	749
Additional council tax revenue	(351)	(284)	(289)	(924)
Core funding reductions	556	215	1,428	2,199
(Increase) / reduction in Business Rates growth	(369)	936	-	567
Add back funding from one-off resources	135	-	-	135
	1,196	**1,729**	**1,858**	**4,783**

The projections show that savings of at least £4.783m will need to be identified from the current annual revenue budget to balance the funding gap over the period to 2022.

The sections below provide further details on each of the areas contributing to the funding gap.

3 COST PRESSURES AND ADDITIONAL INVESTMENT

3.1 PAY AND PRICE INFLATION

This increase reflects the inflationary allowances across budget heads along with salary increments and variations, net of inflationary increases on income targets.

Non salary expenditure budget heads have been fixed at 2018/19 levels and any cost increases will therefore need to be absorbed within individual service area budgets. An allowance of £200k per annum has been retained within the budget projections to cover unavoidable or corporate inflationary cost increases and this will be allocated to budget heads throughout the 2019/20 year as areas of growth are identified.

In April 2018 confirmation was received that the Trade Unions had accepted a two year national pay deal for staff employed on Local Government Services (LGS) conditions and this deal included the introduction of a revised national pay spine from 1 April 2019. This new pay spine was required to ensure that it was legally compliant with the National Living Wage and future proofed to absorb yearly increases in the National Living Wage rate whilst also ensuring that pay differentials were maintained. Whilst the headline pay award was 2% for both years it was bottom loaded to ensure that the requirements to pay the Government's compulsory National Living Wage for lower paid employees was met (the lowest paid employees received pay awards in excess of 9%). The

2019/20 budget therefore makes provision for an average pay award of 3.0% (3.2% in 2018/19) and 2% thereafter.

The budget assumes a 2% inflationary increase on the majority of income budgets.

As in previous years the 2019/20 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.

3.2 OTHER BUDGET PRESSURES

Table 2 below summarises the budget pressures that are factored into the Council's revenue budget projections:

Table 2 – Other Budget Pressures

	2019/20 £'000	2020/21 £'000	2021/22 £'000
Benefits and Localised Support for Council Tax Administration Subsidy	30	30	-
Business Rates revaluation	185	110	61
Loss of chalet income due to land slip	10	-	-
Corporate Modernisation savings not specifically identified in 2018/19 budget	29	-	-
Loss of commuted sum baseline funding	10	-	-
TOTAL	**264**	**140**	**61**

Further details are included within Appendix A1 to this report.

3.3 INVESTMENT IN PRIORITY AREAS

The areas proposed for additional priority investment are summarised in Table 3 below, with further details provided in Appendix A2.1.

Table 3 - Meeting Priorities

Bid	2019/20 £'000	2020/21 £'000	2021/22 £'000
Increase in ongoing revenue contributions to capital and borrowing costs	109	53	50
Town Hall Security	30	-	-
DBID levy	33	-	-
Restructure of Estates Service	15	-	-
Restructure of Governance roles and responsibilities	13	-	-
Net loss of rental income from sale of Skinner Street	5	-	-
Investment in Corporate Modernisation			

programme	-	37	-
Text reminders for bin collection days		4	-
Contingency		200	200
	205	**294**	**250**

4 REVENUE RESOURCES

4.1 COUNCIL TAX

For the 5-year period between 2011/12 to 2015/16 the Government awarded grants to those Council's that opted to freeze or reduce their council tax levels. The Council elected to freeze its council tax at 2010/11 levels in each of those years.

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 proposed council tax referendum threshold principles for 2019/20 for District Councils are the higher of a raise of up to 3% or £5 for a Band D equivalent property. It is anticipated that these limits will be confirmed as part of the provisional settlement announcements.

The level of council tax income generated by the Council is principally affected by two factors; the level of council tax charge and the council tax base.

4.1.1 Proposed Council Tax Charge

Given the funding pressures the Council faces it is proposed that a 2.99% increase be applied for a Band D property for the 2019/20 year; being on par with the maximum allowed increase. This will generate long term additional income of £262k per annum. The budget projections for 2020/21 and 2021/22 currently assume a £5 increase for a Band D equivalent property, however given the Council's financial position the maximum amount allowed under the referendum threshold for the year in question will be recommended for approval.

Table 4 below shows the resultant Scarborough Borough Council element of the Council Tax levy by band if Council Tax levels are increased by this amount.

Table 4 – Council Tax levy per band

Band	2018/19	2.99% Increase			
	£	2019/20 £	Increase £	2020/21 £	2021/22 £
A	151.95	156.50	4.55	161.50	166.50

B	177.28	182.58	5.30	187.58	192.58
C	202.60	208.67	6.07	213.67	218.67
D	**227.93**	**234.75**	**6.82**	**239.75**	**244.75**
E	278.58	286.92	8.34	291.92	296.92
F	329.23	339.08	9.85	344.08	349.08
G	379.88	391.25	11.37	396.25	401.25
H	455.86	469.50	13.64	474.50	479.50

4.1.2 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.

The tax base increase in 2019/20 will generate additional income of approximately £88k. The budget projections for future years assume that the tax base will rise by 1% per annum; which is in line with the increases achieved in recent years.

In addition to the increase in the tax base the Collection Fund position at the end March 2017 showed a surplus, which will be available for distribution in 2019/20. The Council's share of this surplus is £165k and this one-off funding will be made available for investment in the capital programme.

4.2 CORE GOVERNMENT FUNDING

4.2.1 Sources of Core Government Funding

The Council's core government funding streams comprise revenue support grant, a share of retained business rates income, new homes bonus and rural services grant. Table 5 below sets out the projected levels of these core funding sources up to 2021/22 and shows that annual net funding is expected to reduce by £2.199m over the period, reducing the Council's anticipated reliance on these funding sources down to £3.314m.

Table 5 – Anticipated government funding reductions

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL £'000
Revenue Support Grant	672	49	-	-	
Rural Services Grant	16	17	-		
Funding sources covered by the Multi-Year Funding Offer	688	66	-	-	
Retained Business Rates – baseline	4,123	4,222	4,328	2,936	
New Homes Bonus	702	669	414	378	

TOTAL CORE GOVERNMENT FUNDING	**5,513**	**4,957**	**4,742**	**3,314**	
CORE FUNDING REDUCTION		556	215	1,428	2,199

4.2.2 **Multi Year Funding Offer**

In December 2015 the Government announced the provisional finance settlement for 2016/17, alongside an indicative multi-year settlement offer for the years up to and including 2020. The government indicated that the settlement figures would be fixed for those authorities that chose to accept them and published an efficiency plan. This council made the decision to accept the offer, and the Efficiency Plan (2017 to 2020) was approved by Cabinet in September 2016.

The funding streams covered by the multi-year settlement offer comprise Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG) and Transitional Grant and the levels of the funding streams over the multi-year settlement offer period are show in table 6 below.

Table 6 – Multi-Year Settlement Offer Funding Streams

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	2,129	1,231	672	49
RSDG / Transitional Grant	23	18	16	17
TOTAL FUNDING	**2,152**	**1,249**	**688**	**66**
In year reduction		903	561	622
Total reduction				2,086

The table shows that these sources of funding will reduce by £2.086 million over the period to 2020 (£903k in 2017/18, £561k in 2018/19 and £622k in 2019/20). The projections for the funding sources covered by the multi-year offer are based on the indicative figures provided in the 2016/17, 2017/18 and 2018/19 settlements. The provisional settlement figures for 2019/20 are due to be announced on 6 December 2018. As the Council accepted the Government's funding offer it is considered unlikely that the figures for 2019/20 will change.

4.2.3 **Retained Business Rates – baseline funding to 2020**

In addition to the funding streams contained within the multi-year offer the Council also retains a share of business rates income.

The current localised business rates scheme came into effect on 1 April 2013 and at that time represented a fundamental change in local government funding policy. Prior to its introduction all business rates income was paid over to central government. The income was pooled nationally and was then redistributed back to councils in the form of revenue support grant, based on the government's assessment of each authority's deemed funding need.

Under the current scheme business rates income is split equally into a local and central share. The central share is paid to central government and the local share is retained by local authorities. A tariff and top-up mechanism exists within the system to balance an authority's target local share of annually retained business rates income with the amount of funding the government deems it needs to fund its services (its funding baseline). Where an authority's target retained share of business rates exceeds their deemed funding need a tariff is payable back to Central Government and where an authority's retained share is less than its deemed funding need a top-up payment is received. This council is a tariff paying authority.

The business rates funding baseline is determined within the Local Government Finance Settlement. When the retained business rates scheme was introduced the government confirmed that funding baselines would not be reset until at least 2020. Historically business rate multipliers and baselines have been increased by RPI each year, however the budget announcements made in November 2017 confirmed that from 1 April 2018 they will be inflated by CPI.

The budget projections assume that Council's business rates funding baseline will increase by 2.4% for 2019/20 (being the CPI rate for September 2018) and 2.5% thereafter.

4.2.4 **Core funding post 2020**

In the 2015 Autumn Statement the Government announced that by 2020 local authorities will retain 100% business rates income under the Business Rates Retention scheme (as opposed to the current 50% scheme), and alongside the 2016/17 Local Government Finance Settlement announced the Fair Funding Review, which will determine the baseline levels of business rates income retained by each local authority (funding baseline).

Alongside the 2018/19 provisional settlement announcements the locally retained share for 2020 was adjusted to 75%, however the government have confirmed that they remain committed to a 100% scheme post 2020.

The Fair Funding review will assess how much funding each authority is deemed to need; taking into account factors such as population, demographics, deprivation, sparsity, rurality and ability to generate Council Tax revenue. The last funding needs assessment was carried out in 2013/14, however was largely focussed on updating the data used in the assessment rather than revising the areas included within the calculation. The needs formula has not been thoroughly reviewed for over a decade and is now considered to be outdated.

The outcome of the Fair Funding Review will establish the Council's baseline funding levels under the updated Rates Retention Scheme therefore is an extremely important determining factor in the levels of funding post 2020. A Fair Funding Review: Call for evidence paper was published in 2016 and a consultation paper, asking for feedback and suggestions for areas to be considered within the revised needs assessment, was published alongside the 2018/19 provisional settlement.

The Government has recognised in recent years that additional costs are associated with service delivery in rural areas and has introduced rural services grant funding to compensate authorities for these additional costs. These additional costs will likely be factored into the updated needs assessment. Worryingly, the sparsity weightings used to calculate historic rural grant allocations have meant that, despite the Borough containing large expanses of rural areas, the Council's share of the rural services grant funding is negligible (£17k in 2018/19). The Council therefore made representations to try to address this shortcoming as part of the review of the needs assessment.

Being a coastal resort the Council is also affected by additional cost pressures arising from tourism visitors (e.g. higher street cleansing costs) and coast protection schemes. This was also factored into the Council's response to the Call for Evidence paper in the hope that these areas will be considered in the revised assessment.

It is anticipated that further consultation papers on the Fair Funding Review will be announced alongside the provisional finance settlement on 6 December.

The Government has confirmed that the Fair Funding Review will be implemented in 2020/21. It is considered likely that short term transitional measures will be put in place as part of the review to temper significant funding changes that affect individual local authorities however this aspect of the scheme has not yet been consulted upon.

The financial projections incorporate core funding reductions of £1.6m over the 2 years following the Fair Funding Review in addition to £936k reductions in business rates growth (see below). The projections assume that the assessed baseline need for 2020/21 will not change dramatically due to the potential transitional arrangements, however there is a significant risk that this figure could vary substantially.

4.2.5 **Retained Business Rates - growth**

Within the current system local authorities that successfully increase business rates income and exceed their target funding baseline keep up to 50% of the growth, with tariff paying authorities becoming liable to pay a levy of up to 50% on that growth. The money raised from this levy is used to fund a safety net system, which protects councils that see significant reductions in their business rates income and do not achieve their funding baseline in any one year.

After accounting for the 50% levy, the Council's share of retained business rates in 2018/19 is projected to be £1.356m higher than the business rates baseline. £770k of this additional funding is committed to balance the revenue budget and the remainder is set aside to provide investment in the capital programme and a contingency for appeals.

The business rate income projections for 2019/20 have yet to be collated however based on current year performance it is envisaged that the growth achieved will, as a minimum, be in line with 2018/19. To mitigate the effects of core government funding reductions and protect front line service delivery a further £369k of business rates growth will be used to support the revenue budget in 2019/20.

Business rate baselines will be reset in 2020/21 therefore it is anticipated the Council's share of business rates growth will reduce in that year. The table below shows the levels of business rates growth committed within the Council's revenue budget projections:

	2018/19	**2019/20**	**2020/21**
Growth committed in the revenue budget proposals	770	1,139	203
Effect on the funding gap		**369**	**(936)**

A national business rates revaluation came into effect on 1 April 2017. At the same time the Valuation Office launched a new 'Check, Challenge and Appeal' process for businesses to lodge business rates appeals. This new process requires businesses to provide evidence in support of their appeal rather than the old process which allowed generic, prospective appeals to be lodged. To date a very small number of appeals have been lodged nationally therefore the likely cost of successful appeals is highly uncertain at both a national and local level. The figures for 2018/19 assume that appeals will be settled in line with a 4.7% national average figure that the DCLG incorporated in the localised business rates scheme baseline figures. If the outcome of appeals within the Borough is higher than the national average the Council will need to fund a proportion of the resulting shortfall; conversely the Council will be better off if the outcome is less than the national average.

4.2.6 **Business Rates 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. The Borough Council is the lead authority for the pool.

Under the pooling regime authorities within a pool are treated as a single authority for the purposes of the localised Business Rates Retention scheme.

Individually each District Council would be required to pay a 50% levy on their share of growth in business rates income. The major advantage of creating a pool under the current Rates Retention Scheme is that the overall pool levy is reduced to nil when each of the authorities are treated collectively as a single authority. The levies saved through the North Yorkshire Pooling arrangements are distributed back to pool members through a pool dividend.

The key aim of the North Yorkshire pool is that no participant will receive less funding than if they had not pooled. The first call on any net pool surplus will be to put each authority in the position it would have been in had the pool not existed. Any residual surplus will be distributed as follows:

- 20%, upto a maximum of £250k, will be allocated to an economic development fund which will be administered by the Chief Executives and Leaders of the pool authorities as a function of an established subgroup of the NYLEP.

Any remaining pool dividend will be distributed as follows:

- 30% to NYCC
- 35% to districts in proportion to their growth above DCLG baselines
- 35% to districts in proportion to their funding targets

The Council's projected dividend from the North Yorkshire Pool for 2018/19 is in excess of £500k, however this is predicated upon each authority within the pool achieving their business rates targets. Historically the outturn position for business rates has been significantly lower than original projections due to higher than expected levels of business rate appeals.

As per previous financial years the Council's potential dividends from pooling have not yet been committed in the budget, and it is proposed that they be earmarked for the Capital Investment Strategy or Corporate Modernisation programme.

4.2.7 **Business Rates Pooling – 75% Rates Retention Scheme Pilot Application**

In July 2018 the government published an invitation document offering all local authorities in England the opportunity to apply to pilot the 75% Business Rates Retention scheme in 2019/20. The purpose of the pilot scheme is to test increased business rates retention and to aid the government's understanding of the required funding transition prior to its introduction in April 2020.

After significant deliberation and negotiation between local authorities it was agreed that a bid covering the North Yorkshire and Leeds City Region area would be submitted. The general principle agreed as part of the submission was that any participating authority would be no worse off under the new pool than they would otherwise have been.

The financial modelling done to accompany the bid showed that, if the financial projections were achieved the Council would receive a further dividend of £400k over and above the amount received via the North Yorkshire Pool. In addition to the extra income retained by local authorities a proportion of surpluses generated would be top-sliced to create a fund to invest in regional and local projects that create further growth across the pool area. This pot equates to approximately £6m and the Council will be able to make bids against these funds.

Details of the successful pooling applications are expected to be announced alongside the provisional settlement on 6 December. If the bid is unsuccessful the existing North Yorkshire Business Rates Pool will continue in its current form.

4.2.8 **New Homes Bonus**

In February 2011 the government published the proposals for New Homes Bonus (NHB); a scheme that was designed to incentivise local authorities to increase housing supply by rewarding them with a 6-year grant for each new house created within the area.

In its Spending Review and Autumn Statement 2015 the Government announced that it aimed to reduce NHB funding nationally by £800m over the Spending Review period and redirect those resources to adult social care. The revised proposals determined that the period of grant allocations would be reduced from six to five years in 2017/18 then to four years in 2018/19, and that future payments would only be made for housing delivery above an annually determined national baseline figure. This baseline was set at 0.4% in 2018/19.

The NHB figures built into the Council's funding projections assume that allocations will continue to be made for a period of 4 years and that the baseline will remain at 0.4%. The final baseline threshold will be confirmed as part of the provisional settlement. The continuation of the NHB scheme is under review as part of the Fair Funding Review and there is a high risk that the scheme will be fundamentally reviewed in 2020/21 or scrapped in its entirety, which will affect the resources available to the Council.

4.3 **FUNDING FROM ONE OFF RESOURCES AND RESERVES**

Each year the Council aims to set a balanced budget without the need to rely on the unplanned use of one-off funding or reserves. Where one off funding is used to balance the budget it increases the funding gap for the following year.

The 2018/19 budget proposals factored in the use of £135k one off Collection Fund surpluses, which increases the funding gap for 2019/20. The Council Tax surplus for 2019/20 has been set aside for one-off investment in the capital programme therefore will not impact on future year revenue budget shortfalls.

5.0 STRATEGY FOR ADDRESSING THE FUNDING GAP

The budget strategy for addressing the funding gap will continue to build on the themes of the existing Efficiency Plan. The core themes of the Plan can be summarised as follows:

- Transformational efficiencies and commercialisation;
- Investment to support economic growth;
- Strategic review of the Council's role in the delivery of services and use of assets; and
- Planned use of reserves and Investment Fund

Each of these areas are dealt with in turn in the sections below.

5.1 TRANSFORMATIONAL EFFICIENCIES AND COMMERCIALISATION

Several years ago it was acknowledged that the historic 'salami slicing' approach to budgeting, which applied the same % savings targets across all service areas, was not a sustainable long term strategy for the Council. Although this approach ceased it was not replaced with an alternative, consistent strategy for the identification of savings therefore what resulted was an annual, piecemeal approach to budgeting.

To alleviate this issue the Council has established a Corporate Modernisation Programme (formerly known as the Transformation Programme), which aims to challenge existing working practices and put new processes and systems in place to create future efficiencies. It was always intended that this programme would form the cornerstone of the Council's budget savings agenda.

The Programme is led by the Council's Chief Executive and Commercial Director, alongside a project lead officer and includes Services Unit Manager representatives from finance, audit, human resources, commercialisation and IT. A Board consisting of the Directors Team, officers and members oversees the work of the group.

A number of business analysts have been employed or seconded from service areas within the Council to assist with the delivery of the programme and undertake service reviews.

The overarching themes of the programme are as follows:

- **Digitalisation** (to reduce the costs and administration associated with paper storage and records);
- **Customer self-service** (by offering easy to use, 24 hour access to online information and request forms for those customers that wish to use them);
- **End to end paperless solutions** (ensuring that online customer requests seamlessly integrate with back office systems to avoid the re-keying of information);
- **Single Truth databases** (to stop duplicate, contradictory information being maintained across the Council);
- **Improved Customer Service** (by keeping customers informed when they request information or services from the Council and make more services available online);

- **Commercialisation and Joint Working** (to determine whether service areas could increase existing income sources or sell their services to external customers)

Like many other local authorities the Council is keen to purse commercial opportunities to alleviate budget pressures, rather than relying purely on cuts in service or expenditure. To facilitate this the Council now employs a Commercial Director and a Commercial Manager. There are significant overlaps between the Corporate Modernisation and commercialisation agenda therefore all commercialisation work streams feed through the Corporate Modernisation Programme to ensure that they are managed via one overarching, high level process.

As part of the Corporate Modernisation process all Service Unit Managers have been asked to complete a suite of service review documents. The aim of the documents is to review each service's current position in terms of strengths, weaknesses, issues and threats (SWOT), evaluate outside factors affecting the business and the aspirations and vision for the service moving forward. These documents are being used to pull together a corporate programme of actions to deliver service improvements and budgetary savings. A review of fees and charges is also being undertaken to complement this piece of work. To date six SUM review meetings have taken place and the process has started to deliver positive outcomes for the Council.

All budgetary savings will in future be managed under the Corporate Modernisation umbrella and will be overseen by the Corporate Modernisation Board.

5.2 INVESTMENT TO SUPPORT ECONOMIC GROWTH AND THE STRATEGIC REVIEW OF THE COUNCIL'S ROLE IN THE DELIVERY AND USE OF ASSETS

The Council will continue to prioritise and invest in economic growth and this will play an integral part in the Council's budget strategy going forward. This in turn should deliver significant financial benefits for the Borough in terms of retained business rates income and job creation.

It is proposed that any business rate pool dividends will be earmarked to provide investment in the Council's Capital Investment Strategy or transformation programme. This will assist the Council in delivering its key transformational and economic growth aspirations.

One of the commercial themes within the Council's budget strategy is the proposal to invest in assets to generate a revenue return and this is now supported by the Council's Property Investment Strategy, which was approved in May 18.

5.3 PLANNED USE OF RESERVES

The Council's Medium Term Financial Plan projections assume that £0.5m will be drawn from reserves over the period to 2021. This £0.5m will be used to balance the revenue budget and provide additional time for savings to be delivered. This £0.5m will be funded from one-off budgetary underspends achieved in the 2017/18 financial year. A £200k draw from reserves was incorporated in the 2018/19 budget proposals and the remaining £300k is incorporated in the 2019/20 proposals. Draws from reserves defer the need to make savings to balance in-year funding gaps and do not offer a long term solution to address ongoing budget shortfalls. Any draws from reserves therefore increase future year savings targets.

Further reserves may need to be drawn in 2020/21 if the outcome of the Fair Funding Review is worse than anticipated for the Council.

The 2016 Financial Strategy established an Investment Fund to provide one-off funding for schemes that will help the Council to deliver revenue savings in 2016/17 and beyond. The uncommitted balance of the reserve currently stands at £150k and future expenditure from the reserve will be driven by the Council's Corporate Modernisation and savings programme. The authority to approve expenditure from the Investment Fund is delegated to the Director's Team in consultation with the portfolio holder for Corporate Investment. The creation of the Investment Reserve has been a success and the fund has helped the Council to balance its revenue budgets therefore the balance of the reserve may be increased as part of the budget setting process. The increase will be funded from monies that the Council has set aside for one-off priority areas of spend.

6.0 PROPOSED SAVINGS OPTIONS

The proposed savings for the 2019/20 year are attached at Appendix A3. Indicative savings proposals for 2020/21 and 2021/22 are attached at Appendices A3.1 and A3.2, although these are still being developed and may be subject to change.

7.0 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.

8.0 SUMMARY OF THE BUDGET POSITION

Table 8 summarises the net budgetary position as detailed in this report.

Table 8 – Summary of Budget Position

	Report Table Reference	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Funding Gap	Table 1	1,196	1,729	1,858
In year contributions from reserves	Section 5.3	(300)	-	-
Add back use of one-off reserves in previous year		200	300	-
Savings	Append A3	(1,517)	(1,442)	(125)
Investment in one-off expenditure	Section 9	421		
Shortfall		**-**	**587**	**1,733**

In order to achieve the above position for 2019/20 there is a requirement to approve all of the savings proposals identified within Appendix A3 of this report. Where savings are not deemed to be acceptable alternative savings of an equivalent value will need to be identified.

Due to the success of the Council's move towards a longer term budget setting process, prudent budgeting and the embedding of the Corporate Modernisation process the savings identified for 2019/20 exceed the amounts required to balance the in-year revenue budget. This has created a sum of money to invest in one off expenditure in 2019/20, but more importantly has reduced the amounts of savings that need to be identified in 2020/21.

The table shows that good progress has already been made towards identifying potential savings for the 2020/21 year. The savings listed include an amount of £594k for areas of potential savings that have been identified to date through the Corporate Modernisation SUM review process. To date only six meetings have been held therefore this is an extremely positive outcome. A further 17 reviews are scheduled to take place over the coming months therefore it is hoped that the £2.32m residual shortfall identified in the table above will be deliverable through via the Corporate Modernisation process.

9.0 INVESTMENT IN ONE-OFF FUNDING PRIORITIES / BUDGET PRESSURES

A number of areas have been identified that require one-off funding in the 2019/20 year, as detailed in the table below and Appendix A2.2:

	£'000
Peasholm shows	22
Peasholm Café	17
Scarborough Market	30
Olivers Mount Race Circuit	33
Reductions in rental income	60

Cost increases / contributions to and from reserves	259
TOTAL	**421**

10.0 ASSESSMENT

Central Government have provided provisional grant settlement figures for the four year parliamentary period to 2019/20 and, although the principle of a four-year settlement is welcomed and aids the Council's longer term financial planning, the level of the funding cuts proposed are extensive and show that in cash terms the Council's core annual funding from central government in 2019/20 will be £8.264m (66%) less than the funding received in 2010/11. These funding cuts are exacerbated by the Council's decision to aid its tax payers by freezing Council Tax levels between the periods from 2010/11 to 2015/2016 and forego the associated ongoing revenue streams that Council Tax increases could have secured.

The extent of the Council's budget shortfall each year is not only dependent on cuts in funding, but also by the level of growth required in the revenue budget. Unavoidable cost and inflationary pressures continue to put strain on the Council's budget position. As funding sources reduce, and budgets tighten, 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.

Over the financial years 2010/11 to 2018/19 ongoing savings of circa £18m have had to be made from the Council's annual revenue budget. As staffing resources reduce and savings become harder to identify it is becoming apparent that the length of time needed to deliver savings is increasing.

Last year the Council moved to a more detailed 3-year budget setting programme, which has proved to be very successful. The Council has identified the required level of savings to meet its budget projections in 2019/20 and, with the embedding of the Corporate Modernisation Programme, is now well placed to meet the financial challenges anticipated for the following 2 years.

The Council's budget projections anticipate that core government funding and retained growth from the localised business rates income will stand at £3.5m in 2021/22, compared to £12.5m in 2010/11. These figures demonstrate that the Council is now significantly less dependent on central government funding and is nearing "self-sufficiency", which should hopefully reduce the Council's financial risks moving forward.

APPENDIX A1

BUDGET PRESSURES

		2019/20 £'000	2020/21 £'000	2021/22 £'000
Benefits and Localised Support for Council Tax Administration Subsidy	The Council receives an annual subsidy for Housing Benefit and Local Support for Council Tax Administration. In similar vein to recent years we are anticipating a reduction in the amounts of funding for these activities. The funding announcements for the grants are made on an annual basis and the details of the 2019/20 grant will not be made available until later in the year.	30	30	-
Business Rates revaluation	The amounts of business rates payable on commercial properties are periodically revalued nationally to take into account variations in market rents across the country. A new ratings list came into effect on 1 April 2017 and resulted in increases of approximately £0.5m over the period to 2021. This increase is partially mitigated in the earlier years through transitional relief. Where appropriate business rate appeals will be submitted to try to reduce the cost of the Council's overall business rates bill.	185	110	61
Loss of chalet income due to landslip	A recent landslip within the South Bay has resulted in a loss of income from beach chalets within the area.	10	-	-
Corporate Modernisation savings	The 2018/19 budget included £29k Corporate Modernisation savings that at the time of writing the report had not been identified. These savings have now been achieved and are detailed within the list of savings attached at Appendix A3	29	-	-
Loss of commuted sum baseline funding	A housing development at Crab Lane, Crossgates resulted in the creation of a large area of public open space within the vicinity. The maintenance of this space has been undertaken by the SBC Parks service and a commuted sum was received from the developer to support this ongoing maintenance over a ten year period. This commuted sum ends in 2019/20.	10		
TOTAL		**264**	**140**	**61**

APPENDIX A2.1

MEETING PRIORITIES – BASE BUDGET GROWTH

BID	DETAILS	2019/20 £'000	2020/21 £'000	2021/22 £'000
Increase in revenue contributions to fund capital expenditure and borrowing costs	The council must increase its annual contributions into the Capital Development Reserve to make provision for future projected capital expenditure and borrowing costs, particularly in respect of vehicle replacements, asset management and coast protection works.	109	53	50
Town Hall Security	Budget to provide enhanced security within the Customer First service at the Town Hall on an ongoing basis	30	-	-
Destination Business Improvement District (DBID) levy	Budget to fund the additional levy on Scarborough Borough Council properties	33	-	-
Restructure of Estates Service	To provide a managerial post within the Estates service to take forward the Council's aspirations in terms of asset challenge and property investment opportunities	15	-	-
Restructure of Governance roles and responsibilities	Restructure of governance roles and responsibilities across the Council	13	-	-
Loss of rental income	Loss of net rental income associated with the sale of Skinner Street	5	-	-
Investment in the Corporate Modernisation Programme	To provide base budget funding for Business Analyst resource to help the Council to deliver the savings required from the Corporate Modernisation programme. These costs are currently funded from the Investment Fund	-	37	
Text reminders for bin collection days	Base budget provision for the cost of text reminders for changes in bin collection days on bank holidays. For the 2019/20 year this cost will be funded from the Investment Fund	-	4	-
Contingency	Budget contingency to fund unknown costs / budget pressures / one off priority expenditure	-	200	200
TOTAL		**205**	**294**	**250**

APPENDIX A2.2

MEETING PRIORITIES – ONE OFF INVESTMENT

BID	DETAILS	£'000
Peasholm shows	In 2018/19 the Council invested in shows at Peasholm Park to attract people to the venue. The shows proved popular and increased footfall at the Park so it is proposed that they be continued for the 2019/20 year. The long term continuation of the shows will be reviewed after the 2019/20 season.	22
Pesaholm Café	The budgeted rental income for Peasholm café is not currently being achieved. The lease is up for renewal during 2019/20 and it is expected that the budget will be achievable in future years.	17
Scarborough Market	The capital works at Scarborough market have proved successful, and the income generated from the new mezzanine floor and market vaults are exceeding expectation. There are however vacancies within the main market hall, which has meant that the additional income targets included in earlier year budgets are not being achieved in their entirety. The manager responsible for the venue has put actions in place to try to address these issues, including investment in a marketing plan for the venue, so it is hoped that this shortfall will not recur in future years.	30
Olivers Mount Race Circuit	The Council is currently seeking a potential operator for the circuit for 2019/20. However, it is likely that any new operator may look to the Council for assistance in the first year. As a result the Council may wish to have the option to waive any rental fee should a long term relationship be agreed with a new operator.	33
Short term reductions in rental income	Short term reductions in rental income agreed in order to retain a tenant over the longer term, create and retain jobs within the Borough, maximise business rates income and avoid vacant property costs.	60
Cost increases / contributions to and from reserves	The Council is currently negotiating recycling processing costs with its third party contractor. It is likely that the costs of processing reyclate will increase in 2019/20, however the final costs are not yet known. Any increase against the current budget will be funded from the £259k one-off funding balance, and from contingency budgets thereafter if the increase continues over the longer term. Any amount not committed from the one-off funding balance will be transferred to the Investment	

BID	DETAILS	£'000
	Fund to help support the delivery of future year revenue savings or be used to reduce in year General Fund contributions (currently £300k).	259
TOTAL		**421**

APPENDIX A3

EFFICIENCY AND OTHER SAVINGS PROPOSALS 2019/20

Description	Total Saving	Narrative
Public Conveniences Review	100,000	Phase 2 of the review of public convenience provision across the Borough. The first phase of the review has delivered £200k taking the total savings from this review to £300k. Phase 2 of the review will continue to deliver the Public Convenience Provision Plan which will see remaining facilities reviewed, giving consideration to the business case for the implementation of pay-on-entry; devolution of the provision of certain toilets to Town and Parish Councils; engagement with the private sector to redevelop toilet facilities or for facilities to close. A further report is scheduled to be brought to Cabinet in February with further recommendations for specific toilets included in phase 2.
Invest to Save scheme repayments	24,041	Savings following full repayment of prior year Invest to Save investments
Reductions in voluntary sector grants	3,000	Phasing out of voluntary sector grants over a 3 year period. These grant reductions were approved in 2016/17 and grant recipients were notified at that time.
Savings on Leisure Operator Contract	220,000	Net saving from the outsourcing of indoor leisure facilities following completion of the Leisure Village (after adjusting for upfront costs in early years of the operating contract). The base budget saving has been spread over several financial years and the annual savings will total £570k after upfront costs have been funded
E-billing - further rollout	3,000	Net saving from the rollout of e-billing to cover NNDR and Council Tax bills. This level of saving will require approximately 15% take up across NNDR and Council Tax
Reductions in annual Service Level Agreement contributions to Scarborough Museums Trust	100,000	Saving still under negotiation with the Trust
Evron Centre and Falsgrave Community Centre	20,000	Reductions in net running cost of the facilities following pro-active work to maximise rental and ancillary income generated from the venues
Utilities / Street Lighting	37,000	Savings linked to scheduled capital investment in street lighting column replacements in conjunction with NYCC. As a result of the works on-going responsibility for the new columns will transfer to NYCC. Approximately 1,000 columns are scheduled for replacement over a 10 year. Current projections anticipate that 641 (61%) columns will have been replaced by the end of 2019/20
Relocation of Manor Road to Dean Road and purchasing of plants	80,000	£80k based on the ADAS (external consultant) report on the proposal to buy in plants and relocate the parks service to Dean Road Depot. Costings and final proposals still to be finalised
Commercialisation of asset portfolio	328,000	Net return generated from investments made to date under the adopted Property Investment Strategy
Commercialisation of services	150,000	Additional income generated via the review of the Commercial Waste service. The total savings achieved from the review of Commercial Waste and holiday lets now stands at £330k
Increase in C Tax / NNDR costs	30,000	Increase in local taxation court costs to achieve full cost recovery.

APPENDIX A3

EFFICIENCY AND OTHER SAVINGS PROPOSALS 2019/20

Description	Total Saving	Narrative
Replacement of Whitby CCTV cameras	17,000	BT Fibre costs are no longer required following the replacement of CCTV cameras in Whitby, funded from the Investment Fund
Fuel tank replacement	7,300	Replacement fuel tank funded via Investment fund will achieve savings in fuel costs
Savings in pension contributions	17,500	Additional savings delivered through making 3 year upfront payment of pension contributions plus savings on historic pension costs
Contingency Budgets	87,000	Residual contingency budget from 2017/18
External audit fees	18,000	Savings in external audit fees
Efficiencies within the Parks service	70,000	£70k growth was applied to the parks service for 2018/19 with the intention that the growth would be for one year only. The savings options to achieve these savings will be identified as part of the Corporate Modernisation Review of the parks service
Additional income - marketing and sponsorship	50,000	Additional income from the marketing service, including corporate sponsorship opportunities and maximisation of income through improved marketing of council services.
Review of back office functions	29,000	Savings identified via the Corporate Modernisation review of admin functions within the council
Reduction in external grants	5,000	Reduction in grant funding for Gladstone and Falsgrave Resource Centre. Reduction already agreed with the recipient
Planning advertising costs	5,000	The authority has now engaged with an agency to place media inserts for public notices via the LGRP procurement framework, resulting in reduced rates and more efficient use of advertising space
Benefits - income from partnership working	20,000	Income from partnership working with Ryedale
Increase in capital salary recharges	12,000	Inflationary increases in charge out rates linked with increases in staffing costs resulting from pay awards.
Postage savings	23,000	Reductions in postage volumes following move to online transactions and other initiatives. 21% reduction in postage volumes achieved in first 6 months of 2018/19 compared to 2016/17
Repayments of Borrowing	46,500	Reprofile the repayments of borrowing on the Leisure Village to match the reducing interest costs to equalise the overall costs over the loan term
Reduction in ongoing costs of Ipads	15,143	Reduction in costs of Ipads following the repayment of the capital outlay, which was previously incorporated in the annual rental charges
Overall Total (excluding those where savings not known)	1,517,484	

APPENDIX A3.1

EFFICIENCY AND OTHER SAVINGS PROPOSALS 2020/21

Description	Total Saving	Narrative
Leisure Operator	150,000	Additional net saving from outsourcing of indoor leisure facilities
Commercialisation of asset portfolio	272,000	Additional returns from the Property Investment Strategy. Based on the 2% return on the £30m investmemt approved in the 2018 Financial Strategy
Rental income from old Filey TIC site	6,000	Rental income from old Filey TIC site
One off budgets made available from savings identified in 2019/20	420,463	Ongoing savings identified for the 2019/20 year and used to fund one-off expenditure
High level savings identified through the Corporate Modernisation process	594,000	High level savings options have been identified however proposals are still subject to detailed costings and feasibility work
Overall Total (excluding those where savings not known)	1,442,463	

EFFICIENCY AND OTHER SAVINGS PROPOSALS 2021/22

Description	Total Saving	Narrative
Leisure Operator	100,000	Additional net saving from outsourcing of indoor leisure facilities
High level savings identified through the Corporate Modernisation process	25,000	High level savings options have been identified however proposals are still subject to detailed costings and feasibility work
Overall Total (excluding those where savings not known)	125,000	

COUNCIL TAX BASE BY PARISH

PARISH	Tax Base adjusted for non collection
AISLABY	149.76
AYTON EAST	599.21
AYTON WEST	381.22
BARNBY, ELLERBY & MICKLEBY	120.71
BORROWBY, ROXBY, NEWTON MULGRAVE	79.69
BROMPTON	219.54
BURNISTON	591.36
CAYTON	892.04
CLOUGHTON	284.43
DANBY GROUP	704.78
EASTFIELD	1,297.96
EGTON	212.93
ESKDALE CUM UGGLEBARNBY	997.38
FILEY	3,000.97
FOLKTON	187.39
FYLINGDALES	674.62
GLAISDALE	477.21
GOATHLAND	230.55
GRISTHORPE & LEBBERSTON	225.95
GROSMONT	150.13
HACKNESS & HARWOOD DALE GROUP	208.35
HAWKSER CUM STAINSACRE	277.03
HINDERWELL	792.28
HUNMANBY	1,128.55
HUTTON BUSCEL	143.60
HUTTON MULGRAVE & UGTHORPE	93.23
IRTON	141.21
LYTHE	255.28
MUSTON	123.42
NEWBY & SCALBY	3,680.35
NEWHOLM CUM DUNSLEY	109.66
OSGODBY	476.21
REIGHTON	150.15
SEAMER	1,482.40
SNAINTON	372.06
SNEATON	78.30
STAINTONDALE	137.90
WHITBY	4,926.67
WYKEHAM	98.15
SCARBOROUGH	12,244.35
TOTAL	**38,397.00**

Risk Matrix

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	Dec 18	That the Council does not set a robust budget	Potential overspends and unforeseen draws from reserves.	Review of savings proposals to ensure that they are achievable. Regular programme of budget monitoring responsibility for achieving savings allocated to Service Unit Managers or Transformation Working Group	B4	B4	Director's Team / Transformation Working Group	None
2	Dec 18	That the Council's medium to long term budget provision is not sustainable	Cuts in front facing and priority services	Strong Financial Strategy and embedding of a 5 year Medium Term Financial Plan which identifies savings targets at an early stage. Transformation Review Programme	D4	D4	Director's Team / Transformation Working Group	None
3	Dec 18	Transformation and Commercialisation savings not delivered	Potential overspends and unforeseen draws from reserves. Cuts in service	3 year transformation programme and resource plan linked to budget. Regular monitoring of savings via	C3	B3	Director of Business Support / Corporate Finance Manager	Embed budget monitoring at Transform

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
				Transformation Working Group and Board				ation Working Group level
4	Dec 18	That core government funding reductions exceed the amounts projected in financial plans	Increased savings requirement Potential need to draw from reserves	Review of Financial Resilience to audit Committee and levels of reserves	C3	C2	Corporate Finance Manager	Review of Financial Resilience and adequacy of reserves

Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Corporate Objectives	An assessment of the Corporate Objectives that are affected by the risk identified.
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

Im	5					

	4					
	3					
	2					
	1					
		A	B	C	D	E
p		Likelihood				

<u>Likelihood</u>:
A = Very Low
B = Not Likely
C = Likely
D = Very Likely
E = Almost Certain

<u>Impact</u>
1 = Low
2 = Minor
3 = Medium
4 = Major
5=Disaster