

2014/15 BUDGET AND REVIEW OF SERVICE PLANS

Finance and Resources Advisory Committee - 12 November 2013

Report of	Chief Finance Officer
Status:	For Decision
Also considered by:	Strategy and Performance Advisory Committee - 8 October 2013 Housing and Community Safety Advisory Committee – 15 October 2013 Economic and Community Development Advisory Committee – 24 October 2013 Local Planning and Environment Advisory Committee – 19 November 2013
Key Decision:	No

Executive Summary: This report sets out updates to the 2014/15 budget within the existing framework of the 10-year budget and 4-year savings plan. The report presents proposals that have been identified by Portfolio Holders and these need to be considered, together with further suggestions made by the Advisory Committees, before finalising the budget for 2014/15.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder	Cllr. Hogarth
Contact Officer(s)	Adrian Rowbotham Ext. 7153 Helen Martin Ext. 7483

Recommendation to each Advisory Committee:

- (a) Advise Cabinet with views on the growth and savings proposals identified by the Portfolio Holder in Appendix C.
- (b) Advise Cabinet with further suggestions for growth and savings for the services within the terms of reference of the Advisory Committee.

Reason for recommendation: It is important that the views of the Advisory Committees are taken into account in the budget process to ensure that the Council's resources are used in the most suitable manner.

Introduction and Background

- 1 The Council's financial strategy over the past nine years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back office function;
 - improved value for money;
 - maximising external income;
 - the movement of resources away from low priority services; and
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders through the Community Plan. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves which has ensured that the general fund reserves have remained largely unchanged.
- 3 Due to the level of funding and other potential changes and uncertainties, it is increasingly difficult to anticipate with sufficient accuracy what the level of Government settlement is likely to be after 2014/15. However, using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that this is a constantly changing situation and more accurate data will become available in future months.
- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the planned reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 The intention of this report is to provide Members of each Advisory Committee an opportunity to give their views on potential growth and savings items that could be included in the updated 10-year budget that will be presented to Council on 18 February 2014.
- 6 The 'Financial Prospects and Budget Strategy 2014/15 and Beyond' report has been presented to Cabinet to start the budget setting process for 2014/15.
- 7 This report presents members with the following documents relating to the budget for 2014/15:
 - Summary of Service Plans relating to the Advisory Committee (Appendix A);

- Summary of the Council's agreed 4 year savings plan and growth items (Appendix B);
- New growth and savings items proposed by the Portfolio Holders (Appendix C);
- Service Change Impact Assessment forms (SCIAs) for the new growth and savings items relating to the Advisory Committee (Appendix D);
- 10-year budget (Appendix E);
- Budget timetable (Appendix F).

Summary of Service Plans

- 8 On an annual basis, Managers of each of the Council's services set out their objectives for the coming year within their Service Plans. The Service Plans, and the objectives Managers set, form the basis for decisions about performance indicators to be used to measure progress and an assessment of the operational risks that may prevent objectives being achieved. Service Plans are directly aligned to the Council's priorities and the resources available to deliver the service.
- 9 Appendix A is a summary of Service Plans for those services directly relevant to this Advisory Committee.

4 Year Savings Plan

- 10 Appendix B to this report sets out the 4 year savings plan, approved by Council in December 2010 and updated over the last two years, which is allowing the Council to deliver a 10 year balanced budget.
- 11 The savings plan requires a total of £4.2 million to be saved between 2011/12 and 2014/15 which is an average saving of over £1m per annum. In the ten years from 2005/06, over £10m of savings will then have been made.
- 12 Further savings are scheduled to be made in later years as agreed by Council on 18 October 2011.

Proposed Growth Items

- 13 Growth items are items that are in addition to non-service issues and risks, such as grant settlements, impacts of economic change and other pressures highlighted in the 'Financial Prospects and Budget Strategy 2014/15 and Beyond' report considered by Cabinet on 12 September 2013.
- 14 A list of the growth items proposed by the Portfolio Holders can be found in Appendix C and a summary by Advisory Committee is shown in the following table:

Advisory Committee	£000
Economic and Community Development	122
Finance and Resources	11
Local Planning and Environment	30
Total	163

Proposed Savings Items

- 15 Portfolio Holders are also proposing a number of savings items which can also be found in Appendix C and a summary by Advisory Committee is shown in the following table:

Advisory Committee	£000
Economic and Community Development	(37)
Finance and Resources	(118)
Housing and Community Safety	(25)
Local Planning and Environment	(120)
Total	(300)

Financial Summary

- 16 It is increasingly difficult to produce an accurate forecast at this early stage due to the level of uncertainty being greater than ever before, in particular for Government Support. The assumptions currently included take into account the latest information available but no doubt a number of assumptions may change before the final budget meeting in February 2014..
- 17 Since the 'Financial Prospects and Budget Strategy 2014/15 and Beyond' report was presented to Cabinet on 12 September 2013, further information has been obtained concerning Government Support for 2014/15. The Government will be reducing the provisional amount announced in February 2013 by a further 1% resulting in a 7.5% reduction instead of 6.5%. This change has been included in the 10-year budget attached at Appendix E.
- 18 Interest receipts have also been reviewed taking in to account the latest interest rates forecasts together with investment balances.

- 19 The 10-year budget attached at Appendix E includes the changes in Government Support for 2014/15, interest receipts and the growth and savings proposals put forward by the Portfolio Holders.
- 20 It is proposed to put the remaining balance of £70,000 per year into the Financial Plan Reserve which would be able to fund year 11 (2024/25) of the budget, should it still be available when the budget is set in February, it will also provide further flexibility with the 10-year budget should it be needed.
- 21 Views of the Advisory Committees on the growth and savings items proposed by the Portfolio Holders together with any additional suggestions will be considered by Cabinet at its meeting on 5 December 2013.

Process and Timetable

- 22 This report is the second stage of the budget process as shown in the Budget Timetable (Appendix F).
- 23 It is possible that Advisory Committees may have to re-address service budgets in January if significant changes have taken place (including government support changes) leading to a large and unmanageable deficit.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered.

Major service financial risks are included in the Service Plans, risk analysis and SCIA's. Financial risks will be reviewed again when the Cabinet publishes its proposals for the annual budget.

Community Impact and Outcomes

The SCIA's set out the potential impact on the community of variations to the agreed budget.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate	Yes	Individual equalities assessments have been completed for all of the Service Change Impact Assessments (SCIA's) to ensure the decision making process is fair

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
against different groups in the community?		and transparent.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Conclusions

Members' consideration and scrutiny of the relevant services is an essential and key element in the business and financial planning process. Any growth items agreed which are outside the existing 10-year budget will require additional savings, and subsequent service changes, to ensure a balanced budget position.

By incorporating the proposed growth and savings items into the 10-year budget, it will allow an annual contribution to be made to the Financial Plan Reserve which will help to fund the council into year 11 (2024/25) and beyond.

Appendices

Appendix A – Summary of Service Plans relating to the Advisory Committee

Appendix B – Summary of the Council's agreed 4 year savings plan and growth items

Appendix C – New growth and savings items proposed by the Portfolio Holders

Appendix D – Service Change Impact Assessment forms (SCIAs) for the new growth and savings items relating to the Advisory Committee

Appendix E – 10-year budget

Appendix F – Budget timetable

Background Papers:

Report to Council 19 February 2013 – Budget and Council Tax Setting 2013/14

Report to Cabinet 12 September 2013 – Financial Prospects and Budget Strategy 2014/15 and Beyond

Adrian Rowbotham
Chief Finance Officer