

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview and Scrutiny Committee      **DATE:** 13<sup>th</sup> February 2012

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### **PART I** **FOR COMMENT AND CONSIDERATION**

#### **DRAFT MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2011/12-2015/16** **INCORPORATING DRAFT CAPITAL & REVENUE BUDGET 2012/13**

##### **1. Purpose of Report**

- 1.1 The draft budget/ MTFS papers previously considered by the Overview and Scrutiny Committee on 6<sup>th</sup> December 2011, reflected a cumulative deficit position of £2.2m, taking into account Cabinet decisions agreed as at that date. In addition, further clarity around the complex funding arrangements and resulting service pressures have now been secured and the resulting position as set out in **table 1** is a balanced budget across all 4 coming years.

##### **2. Recommendations**

- 2.1 The Committee is requested to consider the draft revenue & capital budget for 2012/13 and draft MTFS to 2015/16 and provide any comments/recommendations to Cabinet prior to adoption at its meeting on 14<sup>th</sup> February 2012.

##### **3. Key Policy Priority Implications**

- 3.1 The Revenue and Capital budgets are the Council's financial plans for the forthcoming year. As such, the budgets will allocate resources to enable the delivery of the Council's Key Policy Priorities through the individual departmental and service plans.

##### **4. Other Implications**

###### **Financial Implications**

- 4.1 These are contained within the body of the report.
- 4.2 This strategy incorporates £20.625M of savings across the medium term. When added to the savings secured in 2010/11 the overall reduction in costs as a result of the cuts to public sector spending exceeds £25m. All savings proposed have been identified and agreed via a combination of cross cutting corporate initiatives, management reductions, and savings secured from back office functions and support service areas.

###### **Human Rights Act & Other Legal Implications**

- 4.3 The Council has various legal responsibilities around financial matters but, of primary importance: the Council must not plan to spend more than the resources it has available to it in any one year – the Council must set a ‘balanced budget’.
- 4.4 The 2003 Local Government Bill places a duty on the Section 151 officer to consider the robustness of budget estimates, the adequacy of reserves and the affordability of its capital programme in preparing its budget for the year.
- 4.5 There are no other legal or Human Rights Act implications.

#### Workforce

- 4.6 If agreed, the savings options to be considered will involve a combination of the deletion of vacant posts alongside voluntary redundancy/ early retirements on the ground of efficiency and reductions in working hours arising from expression of interest submitted by staff under the workforce planning exercise currently underway. Compulsory redundancies may be considered as a last resort, the Council will ensure that HR policies are applied to minimise the impact of redundancies and will look for redeployment opportunities for affected staff.

**Table 1 - Slough BC Medium Term Financial Model – 2011/12 to 2015/16**

	Provisional Settlement		CSR 2010		15/16 £'000
	11/12 £'000	12/13 £'000	13/14 £'000	14/15 £'000	
<u>Details</u>					
Opening Budget	103,979	<b>105,107</b>	100,460	102,105	100,857
Inflation: Pay	(150)	<b>0</b>	1,000	1,200	
Inflation: Prices	1,300	<b>2,949</b>	1,400	1,000	2,000
<u>Growth:</u>					
Previously agreed growth	2,538	<b>332</b>	689	22	0
New Growth (TBA)	50	<b>770</b>	115	0	0
Total Grant Impact	10,674	<b>133</b>	56	0	0
Specific Grant & Transfer Adjustments	0	<b>90</b>	206	0	0
Impact of Localisation of Council Tax Benefit		<b>0</b>	1,000	0	0
Contingency – Economic Risk	500	<b>(305)</b>	34	0	0
Total Pensions Adjustments	475	<b>0</b>	0	0	0
Capital Programme Adjustments	(508)	<b>0</b>	0	0	0
LAC Permanent Allocation of Reserve Provision		<b>645</b>			
Carbon Emissions Levy		<b>380</b>			
Community Investment	0	<b>800</b>	727	(49)	605
Total Growth	13,729	<b>2,845</b>	2,827	(27)	605
<u>Savings:</u>					
Total Previously Agreed Savings	(4,423)	<b>(1,835)</b>	(200)	0	0
Total New Savings Mitigating Cuts to Public Sector Spending	(8,011)	<b>(6,494)</b>	(3,680)	(2,500)	0
Savings to be found					
Total savings	(12,434)	<b>(8,329)</b>	(3,880)	(2,500)	0
<u>Income:</u>					
Council Tax Freeze Grant	(1,187)	<b>(1,209)</b>	1,209	0	0
New Homes Bonus (estimate)	(130)	<b>(903)</b>	(912)	(921)	(930)
Taxbase					
BUDGET REQUIREMENT	105,107	<b>100,460</b>	102,105	100,857	102,531
SPECIFIC GRANTS ROLLING INTO FORMULA GRANT	5,524	<b>5,476</b>		0	0
FORMULA GRANT	51,723	<b>46,647</b>	51,563	48,280	48,375
COUNCIL TAX REQUIREMENT	47,860	<b>48,337</b>	50,542	52,577	54,156
TOTAL ESTIMATED FUNDING AVAILABLE	105,107	<b>100,460</b>	102,105	100,857	102,531
SURPLUS / (DEFICIT)	BALANCED	<b>BALANCED</b>	BALANCED	BALANCED	BALANCED
Cumulative impact of cuts to public spending secured	(8,011)	<b>(14,505)</b>	(18,185)	(20,685)	(20,685)

Note: The cumulative value of Community Investment = £2.1m.

## **6. Securing a Sustainable Financial Position**

- 6.1 The draft budget presents a balanced position across all 4 years of the medium term plan. Members expressly requested a robust process be applied to secure financial certainty insofar as is possible. The draft budget and draft medium term financial strategy meets that explicit objective.