

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Council **DATE:** 21<sup>st</sup> February 2012

**CONTACT OFFICER:** Julie Evans, Strategic Director of Resources  
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**WARD(S):** All

### **PART I** **FOR DECISION**

#### **RECOMMENDATIONS OF THE CABINET FROM ITS MEETING HELD ON 14<sup>TH</sup>** **FEBRUARY 2012 – Draft Medium Term Financial Strategy 2012/2013 –** **2015/2016 incorporating Draft Revenue & Capital Budget 2012/13**

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

- 1.1 This report is concerned with the Council's Revenue Budget 2012/13 and associated level of Council Tax for that year. If the recommendations contained within this report are adopted, the Council will set a Revenue Budget of £100,460k in 2012/13 and a basic Council Tax (before precepts) of £1,151.39 at Band D.
- 1.2 The complete document is presented as a budget report for review. The report sets out the required Revenue, Capital and Treasury Management Budgets over the medium term and for 2012/13. The annual Capital and Revenue Budgets identify the resources required to deliver the full range of council services. A balanced budget position is presented across all years of the medium term plan.
- 1.3 The report is essentially structured across 8 themes:
  1. The Council's Priorities
  2. The Council's Financial Planning Process
  3. The Revenue Budget 2012/13
  4. The Capital Budget 2012/13
  5. Treasury Management Strategy
  6. Detailed Appendices
  7. Accounting Policies and Disclosure
  8. Fees and Charges
- 1.4 The report sets out the Cabinet's recommendations for the 2012/13 revenue and capital budgets (to follow); and updates the Council on the likely precept requirements of the Thames Valley Police Authority and Royal Berkshire Fire Authority for 2012/13. The recommendations of the Cabinet will be circulated to all members on 15<sup>th</sup> February following the meeting of the Cabinet on 14<sup>th</sup> February 2012.

## 2. **Recommendations**

The Council is requested to Resolve:-

- (a) That the implications of decisions in 2012/13 and of future developments on the medium-term financial position be noted.
- (b) That the Investment and Savings items in Appendices E (i) and E (ii) be approved.
- (c) That the Directorate cash limits for as shown in Appendix F be approved.
- (d) That the Council's Policy for Reserves 2012/13, as set out in paragraph 3.54, be approved.
- (e) That the capital programme for the financial year 2012/13; and provisional allocations across the medium term as set out in Appendix I be approved.
- (f) That the Capital Allowance as set out in the Capital Programme within Section 6 of the report be approved
- (g) That the Treasury Management Strategy Statement and Investment Strategy within Section 7 be approved.
- (h) That the authorised borrowing limit and the operational boundary for external debt as set out in the Treasury Management Strategy Statement be approved.
- (i) That the Prudential Indicators and the Minimum Revenue Provision (MRP) statement as set out in the Treasury Management Strategy Statement section of the report be approved.
- (j) That the Council Tax for the areas of Slough Borough Council for the year ending 31 March 2013 be as specified in the Council Tax Resolution in Appendix C and that the Council Tax be levied accordingly.
- (k) That in agreeing the above recommendations and the Revenue Budget in Appendix B, the Council notes that the effect of all these measures is to produce an overall Council expenditure in 2012/13 of £100.460m.
- (l) That the pay policy as at appendix L is approved
- (m) That the borrowings to support the changes to HRA subsidy be approved and the effective date of 28 March 2012 be noted.

\* Resolutions to be confirmed after CIPFA have publicised required resolution following Localism Bill and the Cabinet meeting on the 14<sup>th</sup> February 2012

## 3. **Other Implications**

### **Financial**

- 3.1 This report is entirely concerned with financial matters as it relates to the Council's Revenue, Capital and Treasury Management Budgets for 2012/13 and the medium term financial strategy. All financial implications are clearly set out within the body of the report.

## Human Rights Act and Other Legal Implications

- 3.2 The Council has various legal responsibilities around financial matters but it is most important that it does not plan to spend more than the resources available to it in any one year. This report presents the projected financial position of the Council for 2012/13 and future years and suggests actions to be considered by Members in order to deliver a balanced budget that will commence in April 2012.
- 3.3 Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report to the Council when it is setting the budget and precept (council tax). The Council is required to take this report into account when making its budget and precept (council tax) decision. The report of the Section 151 Officer, attached as Appendix G, must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.
- 3.4 In summary:
- 3.4.1 The Strategic Director of Resources reports that the estimates of income and expenditure forming the Council's General Fund Revenue Budget for 2012/13 have been prepared on the basis of existing plans, known current and future commitments and the financial implications of the proposals for service development, improvement and efficiencies.
- 3.4.2 Where it has been necessary to do so, in the case of certain budgets (e.g. pay, investment income and income from fees and charges), assumptions have been used for inflation, interest rates and service take-up that, on the basis of current and predicted levels of activity, are considered to be reasonable and prudent.
- 3.4.2 However, Members will appreciate that some budgets are more sensitive and responsive to changes in demand, often caused by factors outside of the Council's control. In the event of any unanticipated changes it may be necessary to take corrective action and the effectiveness of this relies on good systems of budgetary control, monitoring and risk management.
- 3.4.3 It is important, therefore, to review actual performance against budget on a regular basis in order to ensure budgets remain on track, particularly the realisation of savings/efficiency proposals as well as being proactive in identifying emerging risks and responding accordingly, taking remedial action where this is appropriate.
- 3.4.4 Set within this wider control framework and the adequacy of the Authority's financial arrangements generally, the Chief Financial Officer considers the Council's budget estimates for 2012/2013 to be robust.
- 3.4.5 With regard to the medium term, Members will be aware of a number of pressures facing the Council. These need to be considered in the context of the national framework being applied to local government, which, amongst

other things, requires increasing efficiencies and restrictions on council tax increases. Against this backdrop the expectation is that, future years budgets will come under increasing pressure with a growing emphasis on prioritisation, efficiency, innovation and collaboration in service delivery. Members may therefore face further difficult decisions in later years in order to sustain a balanced budget over the medium term.

3.4.6 Whilst this has been reflected in part within the current service and financial planning framework the work required is likely to intensify for subsequent budget rounds.

3.5 With regard to the financial reserves:

3.5.1 The Strategic Director of Resources reports that, having conducted a review of the Council's requirement for the minimum working balance, taking into consideration various matters including:-

- the Council's spending plans for 2012/13 and the medium term financial position;
- adequacy of estimates of inflation, interest rates;
- treatment of demand led pressures;
- impact of external partnerships;
- the need to respond to emergencies;
- Capital programme variations.

3.5.2 An amount of £6.4m is considered adequate for this purpose.

3.5.3 The Council has adopted a robust risk based approach to maintaining adequate levels of unencumbered reserves. The current economic climate combined with the uncertainty surrounding the values of future grant settlements, additional spending pressures arising due to demand led services and demographic pressures will mean that the level of general fund balances and unallocated reserves will need to be increased and maintained under review to secure sound financial standing in future years. The Council has successfully increased balances over the previous 2 years and it is proposed this prudent approach continues across the medium term as set out on page 65 of the budget document.

*This statement is made on the understanding that any use of reserves and balances is undertaken in accordance with the Council's existing Financial Procedure Rules.*

3.6 There are no other Legal or Human Rights Act implications.

#### Workforce Implications

3.7 There are a number of budget savings options contained within the report that will directly impact on established posts. If Members are inclined to approve these savings, then consultation will need to be undertaken with affected staff and could result in some compulsory redundancies.

- 3.8 If there are potential redundancies then the Council will follow the process of inviting expressions of interest in Voluntary Redundancy, seeing if staff would be prepared to work reduced hours and looking across the whole organisation at potential redeployment opportunities, even with these measures, the level of savings required some compulsory redundancies can not be ruled out.

#### 4. **Conclusion**

- 4.1 The proposals involve difficult decisions for members however these decisions if taken will secure a balanced position for 2012/2013 and across the medium term providing a sound basis for meeting as yet unknown challenges that maybe presented in future years.

#### 5. **Recommendations of other Committees**

This report is being considered by the Overview and Scrutiny Committee on 13<sup>th</sup> February and Cabinet on 14<sup>th</sup> February 2012. The meetings were rearranged to enable the most up to date budget position to be considered. The recommendations of the Cabinet will be circulated to all Members of the Council on 15<sup>th</sup> February 2012.

#### 6. **Appendices**

(Attached separately for Council Members and available on request from Democratic Services, ext: 5011)

#### **Draft Medium Term Financial Strategy 2012/2013 – 2015/2016 and Draft Revenue & Capital Budget 2012/2013**

A	Savings mitigating cuts to public sector spending
B	Five year Revenue Budget (Requirements & Resources)
C	Statutory Calculation of Council Tax 2012/13
D	Council Tax Bands
E(i)	Detailed Growth Items
E(ii)	Detailed Savings Items
F	Directorate Cash Limits - 2012/13 to 2015/16
G	Statement on the Robustness of Budget Estimates, and the Adequacy of Reserves and the Key Budget Risks
H	General Fund Reserves
I(i)	Capital Investment Summary
I(ii)	Capital Programme Detail
J	Glossary
K	Income Collection and Debt Recovery Policy
L	Pay policy statement 2012-13

#### **The Budget Book 2012 – 2013 (to follow)**

#### 6. **Background Papers**

Agenda and Minutes – Cabinet 14<sup>th</sup> February 2012