

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 20th January 2014

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WARD(S): All

PORTFOLIO: Cllr. Rob Anderson; Lead Commissioner for Finance & Strategy

PART I **KEY DECISION**

MEDIUM TERM FINANCIAL STRATEGY & REVENUE BUDGET 2014-15 – PROPOSED SAVINGS UPDATE

1 **Purpose of Report**

To request approval for the second tranche of savings proposals that support the 2014-15 Revenue Budget and to note increased financial pressures in Children's Social Care and the latest position on the Medium Term Financial Strategy.

2 **Recommendation(s)/Proposed Action**

The Cabinet is requested to resolve that the savings set out in Appendix A be included in the Revenue Budget 2014-15 to be approved by Council in February, subject to any further adjustments.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Corporate Plan**

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

3a. **Slough Joint Wellbeing Strategy Priorities –**

Priorities:

- Economy and Skills
- Health and Wellbeing
- Regeneration and Environment
- Housing
- Safer Communities

3b **Corporate Plan 2013/14**

The Plan's objectives are:

1. Improve customer experience
2. Deliver high quality services to meet local needs

3. Develop new ways of working
4. Deliver local and national change
5. Develop a skilled and capable workforce
6. Achieve value for money

The Plan includes targets for each of the objectives. This report helps achieve all of the above objectives by providing an overall financial strategy to support the delivery of the Corporate Plan.

4 **Other Implications**

(a) Financial

Detailed within the report.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	A modest number of posts will be affected by changes proposed in the first and second tranche of savings. These will be managed through the council's restructure, redundancy and redeployment policy and procedure	None
Equalities Issues	To be assessed per each proposed saving	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	April 2014	Decisions that could bring savings proposals forward
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Council's responsibilities to provide minimum levels of provision in key areas. This second tranche of proposals for 2014 – 2015 does not recommend any savings that will affect the council's ability to carry out its statutory functions. However, Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions.

(d) Equalities Impact Assessment

Equalities Impact Assessments will require completion prior to final agreement of savings proposals. Proposals which are 'disinvestment' or a genuine reduction in service will require careful examination to ensure no group is disproportionately affected.

Members may have to consider making provision to fund any mitigation arising from detailed analysis of Equalities Impact Assessments.

(e) Workforce

The proposed savings (from the first and second tranches) have a relatively low impact on staffing, with fewer than 20 staff affected. The Council has a number of measures to mitigate against compulsory redundancies including;

Developing staff skills to redeploy to alternative roles.

Obtaining staff savings from deletion of vacant posts.

Opportunities for Voluntary Redundancies.

5 Supporting Information

5.1 **Background**

5.1.1 In November the Cabinet approved £9m of savings against an overall target of over £12m.

5.1.2 Since November there have been two significant impacts upon the Revenue Budget and Medium Term Financial Strategy. The first is that the work to understand the pressures in Children's Social Care has been completed and generated a greater cost growth than originally built into the MTFS. The second is the impact of the Local Government Finance Settlement on the Council's finances.

5.1.3 This paper also provides an update to the Council's response to the funding gap for the 2014-15 financial year and identifies the second tranche of savings proposed to be included in the Revenue Budget 2014-15 report to approved by Council in February.

5.2 **Current Medium Term Financial Position**

5.2.1 The table below highlights the current overview of the Medium Term Financial Strategy (MTFS). A previous report to Cabinet, in July 2013, highlighted some of the further detail behind the MTFS assumptions. Some of these have changed and where significant, further information is provided below on these:

Table 1.1: Latest MTFS Financial Model

No.	2013-14	Funding	2014-15	2015-16	2016-17	2017-18
1	42.29	Council Tax	43.85	45.13	46.04	46.96
2	26.23	Retained Business Rates	27.10	28.15	29.00	29.87
3	39.76	Revenue Support Grant	32.47	23.20	18.56	14.85
4	2.11	Education Services Grant	1.96	1.25	1.06	0.90
5	1.84	NHS monies to support Social Care	2.36	1.93	1.84	1.84
6	1.76	New Homes Bonus	2.01	2.61	3.21	3.21
7	0.26	Other non-ringfenced grants	0.94	0.83		
8		Collection Fund	1.30			
9	114.25	Total Budgeted income	111.99	103.10	99.71	97.64
10		Prior year baseline baseline	114.25	111.99	103.10	99.71
11		Base budget	3.61	2.50	2.50	2.50
12		Directorate Pressures	8.15	1.89	2.92	1.86
13		Revenue impact of Capital investment		1.00	1.00	0.30
14		Other adjustments	-0.58	-0.15		
15		Savings identified	-12.24	-4.70	-0.86	-0.86
16		Savings to be identified	-1.19	-9.43	-8.95	-5.88
17	0	Net Expenditure	111.99	103.10	99.71	97.64

5.2.2 Significant changes to assumptions:

- Council Tax – an increase in the Council Tax Base has been included within the MTFS assumptions for 2014-15; the Council Tax base report to Cabinet in December highlighted the growth in the Council Tax base.
- Retained Business Rates – this figure has decreased by just under £1m since the previous Cabinet. This is because of reduction in the net collectable debt for Business Rates in the recent months. This figure is subject to fluctuations (the previous update to Cabinet showed an increase of almost £1m against the original assumption). The final figure will be known once the Council produces its final ‘NNDR1’ form in January 2014.
- Revenue Support Grant – the latest assumption is an increase of just under £0.2m since the previous update.
- Collection Fund – this is showing a potential surplus of £1.3m at present (£0.3m more than the previous update). This is due to the increases in Council taxbase as well as a decrease on the net collectable debit for NNDR. This figure is subject to significant change and will be regularly monitored in the coming months.
- Base budget – an increased pressure of £0.4m due to potential additional costs relating to auto-enrolment and non pay contractual increases due to current inflation levels.
- Directorate pressures – an increase of almost £1.6m compared to previous update. £0.4m of this concerns additional funding from the Government to be spent upon social care (there is a corresponding in the ‘NHS monies to Support Social Care’ budget line). The rest of the additional pressures arise primarily from Children’s Social Care and these are detailed further in the report below.

5.2.3 The emerging pressure within the Children’s Social Care budget was included amongst other pressures within the July MTFS update. The working assumption further into the year was the need to increase the Children’s Social Care budget by £2.2m. In the current financial year, 2013-14, there has been a significant

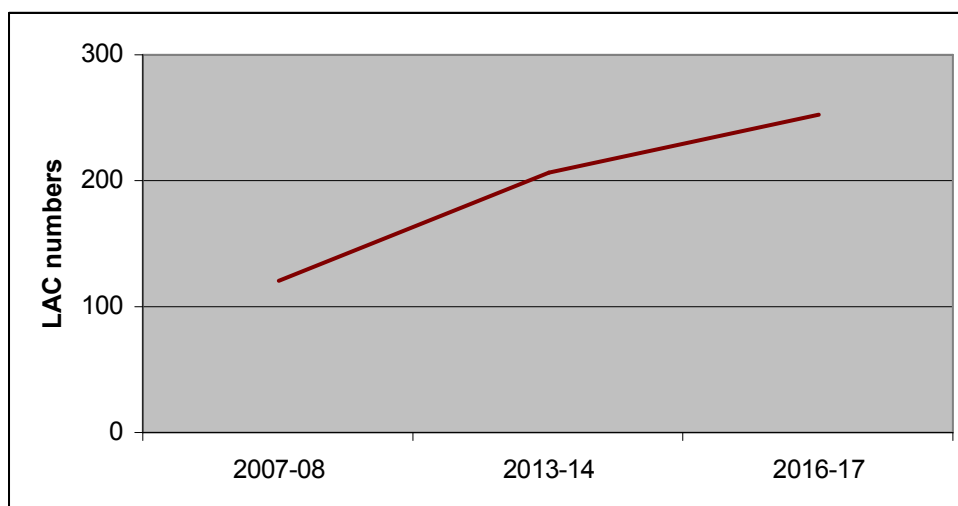
overspend forecast within Children's social care as the year has progressed, with an overspend being forecast within the service from the Quarter 1 report to Cabinet in September. Over the Autumn, the service reviewed its financial pressures for the year ahead and these have been revised to £3.4m of additional cost to be included within core budgets, with an additional £2.4m to be provided for from one-off funds if and when required. In previous years, these pressures have been able to be contained by viring money from other budgets; due to other savings programmes and shrinking of the overall Council's budget, this option is no longer available.

5.2.4 The Children's Social care growth items are made up of two items:

(1) Looked After Children cost pressures

The working assumption for increased costs on Looked After Children (LAC) included in the previous Cabinet update were costs of £1.7m. This has been revised to highlight a pressure of £2.5m. The Council has seen an increase in the number of LAC over recent years and, with the population of the borough anticipated to rise in the coming years; this is expected to continue into future financial years. Work will continue on the successful Gold project to enhance the pathway to adoption and special guardianship to seek cost reduction aligned with improved benefits for LAC.

Chart 2.1: Looked After Children numbers 2007-17



(2) Additional Staffing costs

In the November Cabinet report the underlying assumption was for an increase to staffing costs of £0.5m. Latest estimates are that this is now £0.8m into the core budget. However, an additional £2.4m is to be set aside if required (via a combination of earmarked reserves and general reserves) to fund additional staffing costs on a one-off basis.

5.2.5 The staffing cost growth seeks to achieve four aims with provisional budgets as follows:

- 1) increasing the establishment to ensure an average case load of an average of 16 case per social worker (£0.7m into budget). There will be another growth item of the same amount in the 2015-16 budget on the assumption

that it is highly unlikely that the service will be able to recruit permanent social workers in such a short space of time.

- 2) Recruitment incentives to reduce reliance upon agency staff (0.05m into budget)
- 3) Ensuring that good quality agency staff are recruited in the short term (£2.4m – contingent)
- 4) Creating a newly qualified development unit to reduce recruitment costs in the future and prevent further reliance upon agency staff (0.05m into budget)

5.2.6 The additional monies being included within the budget will be supported by transformational projects and efficiency reviews to reduce further pressures into future financial years. This will be completed on an invest to save business case,. This is key to ensuring that the budgets within the service are stabilised going forward and will assist in providing assurances of no further significant cost increases in a time when the Council’s budget is seeing significant decreases.

5.2.7 The net total of the above and other adjustments has been to increase the total savings requirement by approximately £1.2m to a total of £13.4m

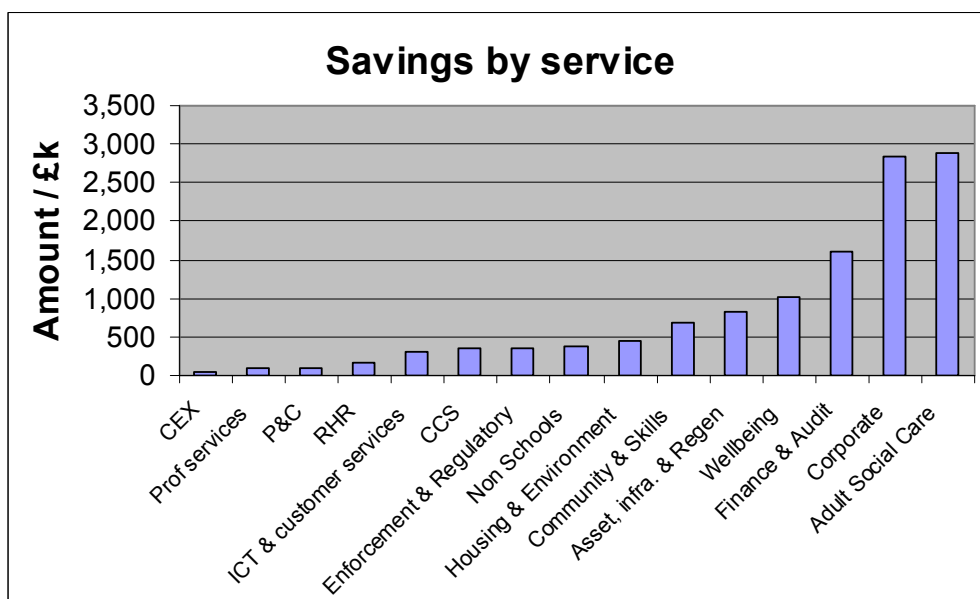
5.2.8 The Council has already identified £9.1m of this and this was approved at the November Cabinet meeting

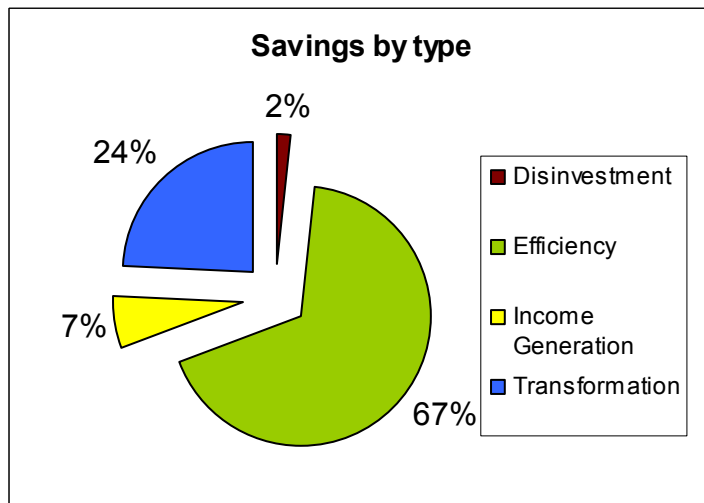
5.2.9 Appendix A provides further detail of where the second tranche of current savings proposals are coming from that total **£3m**

5.3 Proposed savings

5.3.1 Appendix A details the second tranche of savings proposals for the year ahead.

5.3.2 The table below highlights which area the current savings from tranches one and two are coming from and what type of saving they are:





5.4 Next Steps

- 5.4.1 The current financial planning assumptions are based on best estimates at present. The Council is likely to be notified of the Local Government Finance Settlement in December and this is expected to detail the full range of monies to Council receives from Government. The Council will also be finalising its anticipated Council Tax base, Business Rates income expectations and Collection Fund by January 2014. Once all these figures have been finalised then the Council's net budget will also be finalised. This will then provide clarity around the required savings for the year(s) ahead.
- 5.4.2 In the next few weeks the Council will be seeking to close the remaining savings gap by reviewing its financial assumptions, challenging future budgetary pressures and identifying future savings proposals to bring forward a balanced budget for the 2014-15 financial year and indicative savings plans for the future financial years contained within the MTFs. The full revenue budget papers for the 2014-15 financial year will come to Cabinet on the 10th February and then to full Council for approval on the 18th February 2014.

6 Comments of Other Committees

n/a

7 Conclusion

The Cabinet are requested to note these savings proposals, and that these are likely to form the part of the savings for the 2014-15 revenue budget.

8 Appendices Attached

'A' - Summary of current proposals

9 Background Papers

'1' - Local Government Finance consultations – Summer 2013

'2' - Local Government Finance settlement – December 2013

Appendix A – Second tranche of savings

No	Directorate	Service	Service Lead	Year	Item	Amount / £k	Delivery
8	Corporate	Finance & Audit	JH	2014-15	Increased Investment Returns	800	Further Treasury Management savings of £800k through different investment strategy (subject to approval of Treasury Management Strategy at Council)
94	Wellbeing	Wellbeing	ASn	2014-15	Prevention & Protection	150	Better integration of Public Health and Wellbeing services
120	RHR	Asset, infra. & Regen	JC	2014-15	Footway Works - highways capitalisation	220	Capitalisation of currently revenue costs
123	RHR	Finance & Audit	JH	2014-15	Insurance re-tendering savings	15	Additional savings based on retendering
124	RHR	Asset, infra. & Regen	JC	2014-15	Restructure transport services	200	Restructure savings from internal restructure
125	RHR	Housing & Environment	NA	2014-15	enforcement efficiencies	15	Efficiency savings across the service
126	RHR	Housing & Environment	JC	2014-15	Asset maintenance capitalisation	100	Capitalisation of asset maintenance
127	RHR	Housing & Environment	NA	2014-15	Waste strategy savings	100	
128	Chief Exec.	P&C	TL	2014-15	Additional income	25	
129	CCS	Community & Skills	Astevens	2014-15	Additional income from registration services	50	New income generating services and cessation of hospital registration service as identified through service review
130	CCS	Community & Skills	Astevens	2014-15	Parks buildings income	20	Income from new lettings
131	CCS	Community & Skills	Astevens	2014-15	Young People's Service	50	Efficiency savings from youth service review.
132	CCS	Community & Skills	Astevens	2014-15	Libraries inflation uplift	109	Withhold 2014/15 CPI inflation uplift for libraries
133	Wellbeing	Adult Social Care	Asi	2014-15	Supporting People Efficiencies	437	Re-commissioning
135	Wellbeing	Adult Social Care	Asi	2014-15	Meals Service	63	Service Review

136	Wellbeing	Adult Social Care	ASi	2014-15	Management of Contract Price Inflation	440	Award inflation at a lower level than assumed in MTFS
137	CCS	CCS	RP	2014-15	Deleted of Assistant Director Posts	200	Removal of Budget following senior management review
138	CCS	Enforcement & Regulatory	Ginny deHaan	2014-15	Increase in cost recovery from Primary Authority	5	Further refocus staff on primary Authority activity to generate more cost recovery income. Reducing spend on agency specialists
139	CCS	Enforcement & Regulatory	S.Dhuna	2014-15	Reduce expenditure ordnance survey fees	10	Reduced cost