

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 17th November 2014

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WARD(S): All

PORTFOLIO: Cllr. Rob Anderson

PART I **KEY DECISION**

MEDIUM TERM FINANCIAL PLANNING: 2015-19

1 **Purpose of Report**

To provide Cabinet with an update of the financial planning assumptions for future years and the required savings levels for the Council between 2015-19.

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

The Cabinet is requested to resolve:

- (a) That the current position regarding the MTFS be noted.
- (b) That the savings set out in Appendix A be included in the Revenue Budget 2015-16 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.

This report sets out the financial planning for the council over the next four years and assists in delivering the Council Plan primarily through theme 6 'promote economic growth and protect the council's finances'. However, the report cuts across all themes as it is about ensuring sufficient resources to deliver the Council's strategies going forward.

4 **Other Implications**

(a) Financial

All details contained within the report

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	None	
Property	None	
Human Rights	None	
Health and Safety	None	
Employment Issues	None	
Equalities Issues	None	
Community Support	None	
Communications	None	
Community Safety	None	
Financial	Detailed in the report	Detailed in the report
Timetable for delivery	Finance working with senior management to detail savings in line with budget setting timescales	Any early delivered savings will have a one-off benefit in the current year
Project Capacity	None	
Other	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. 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.

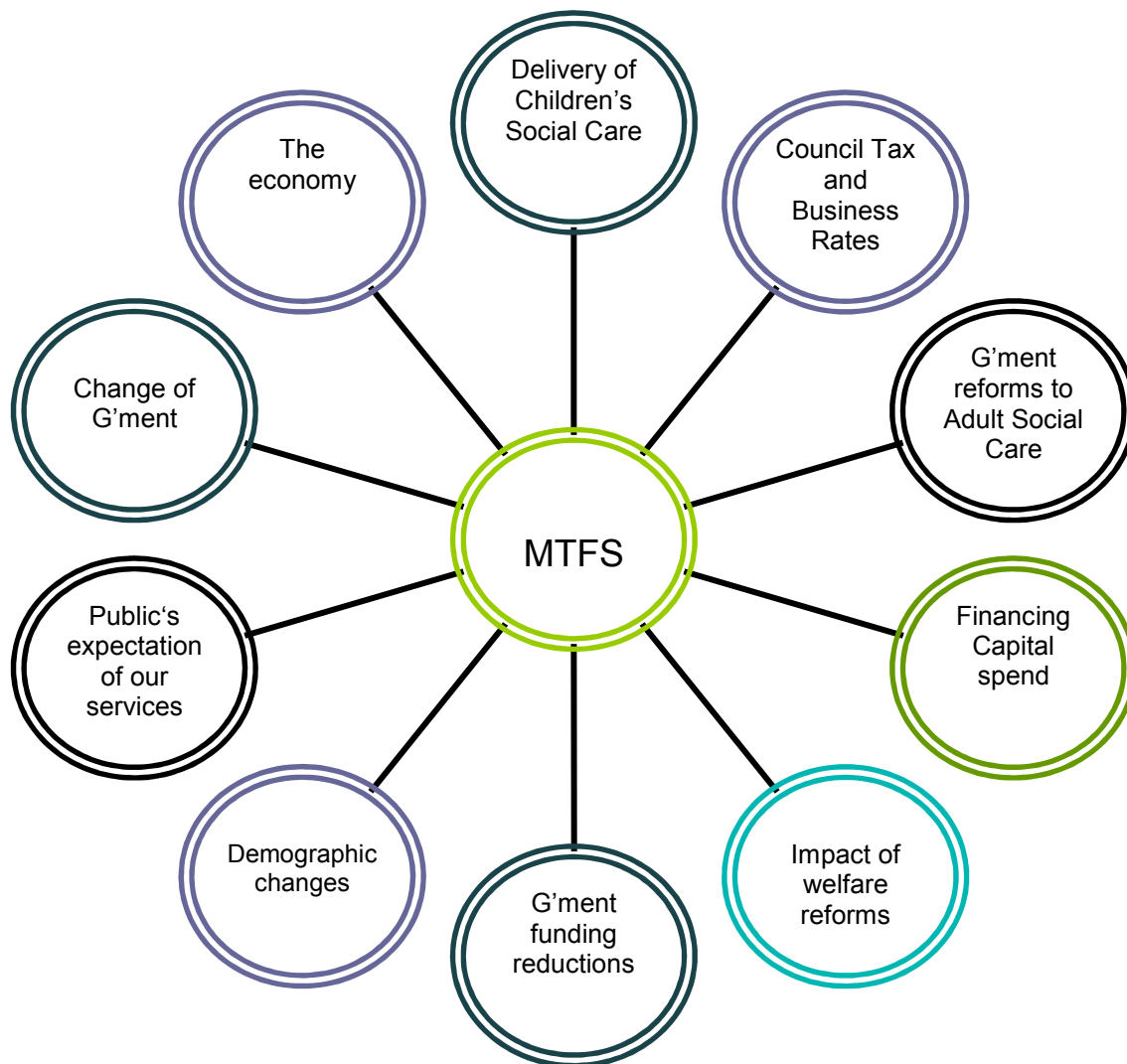
(e) Workforce

The scale of the savings is likely to have significant workforce implications and may lead to a reduction in the numbers of staff directly employed by the council

5 Supporting Information

- 5.1 As previously reported to the Cabinet, Local Government continues to see a sustained reduction in finances coming from Central Government. The 2015-16 financial year alone will see a reduction to the Council's general grant (Revenue Support Grant, RSG) of almost 30%, with the RSG forecast to shrink by 56% or over £18m over the period of the Medium Term Financial Strategy (MTFS). Until the full Local Government Finance Settlement is released by Government in December 2014, these will be working assumptions that the Council has for financial planning purposes.
- 5.2 The Council needs to ensure that it has sufficient financial resilience to enable it to meet the financial challenges over the period of the MTFS. There are also a number of non financial events occurring which will have a significant financial impact over the period of the MTFS.

Chart 1.1: Key considerations over the MTFS



- 5.3 The context above needs to be considered in light of the financial challenge that the council faces.

- 5.4 Since the previous paper presented to Cabinet in July 2014, there have been some changes to the financial planning assumptions contained for future years.
- 5.5 The total quantum of savings of £14.5m remains relatively unchanged for 2015-16; however, because of a growth in the council's Business Rates baseline, and to a smaller extent Council Tax base, the Council is now forecasting a collection fund surplus as well as potential longer term growth to these income streams. This will erode the £14.5m savings gap by some £4m on current projections. It is important for members to note that Business Rate income has been very volatile over the past 18 months since the Government allowed Councils to retain some of the benefits of local business rate growth. The current assumption is that the September 2014 net collectable debit for the business rate base continues at its present level in to 2015-16 (with adjustments for the Government's uplift to Business rates).
- 5.6 The summary model and chart below sets out the significant savings level required by the Council over the next four years, the quantum included in this has not changed significantly since the previous update for each year of saving. The savings total £34m or **30%** of the Council's current net budget. This does not take into account any additional costs through the creation of new arrangements for the provision of Children's Social Care. Any cost associated with this will have a proportionate increase in the savings requirement for the respective year. The respective Cabinet / Overview & Scrutiny meetings will be updated with any information if this is known at the time of the meeting.

Chart 1.2: Savings profile over the MTFS period

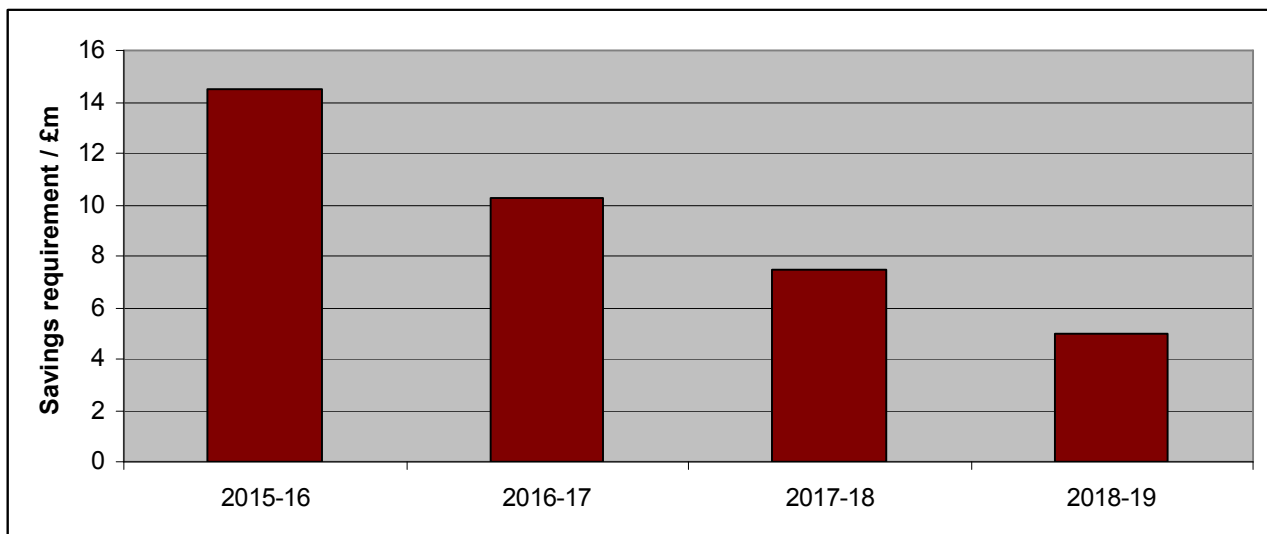


Table 2.1: MTFS 2015-19

No.	2014-15	Funding	2015-16	2016-17	2017-18	2018-19
1	43.85	Council Tax	45.22	46.22	47.15	48.10
2	27.13	Retained Business Rates	28.85	29.42	30.01	30.61
3	32.47	Revenue Support Grant	23.68	19.60	15.60	14.10
4	1.96	Education Services Grant	1.25	1.06	0.90	0.77
5	2.36	NHS monies to support Social Care	2.36	2.36	2.36	2.36
6	2.01	New Homes Bonus	2.59	3.19	3.19	3.19
7	1.03	Other non-ringfenced grants	0.40	0.40	0.40	0.40
8	1.30	Collection Fund	1.97			
9	112.11	Total Budgeted income	106.31	102.25	99.61	99.53
10	114.25	Prior year baseline	112.11	106.31	102.30	99.61
11	3.54	Base budget	2.90	2.90	2.90	2.90
12	8.20	Directorate Pressures	1.61	2.92	1.86	2.00
13		Revenue impact of Capital investment	0.20	0.60	0.00	0.00
14	-1.34	Other adjustments	0.00	-0.05		
15	-12.53	Savings requirement	-2.89	-5.53	-3.15	-1.98
16		Savings identified	-7.62	-4.90	-4.30	-3.00
16	112.11	Net Expenditure	106.31	102.25	99.61	99.53

5.7 The model highlights the largest amount of savings being required for the 2015-16 financial year. This is driven mainly because of the reduction in Central Government monies (the Revenue Support Grant) which falls by almost 30% between the present year and 2015-16. Beyond this point, the assumption is for a reduction of 20%.

5.8 There are much lower levels of investment through directorate pressures than in previous years, and it is expected that the only pressures of any significance will relate to Children's and Social Care services or pressures in Adult Social care, especially concerning the implications of the new care act. The latest assumption concerning growth is as follows:

- £710k for Children's social care staffing costs
- £300k for Adult Social Care transition costs from Children's Social Care
- £400k implications of the new Care Act
- £200k other growth being finalised

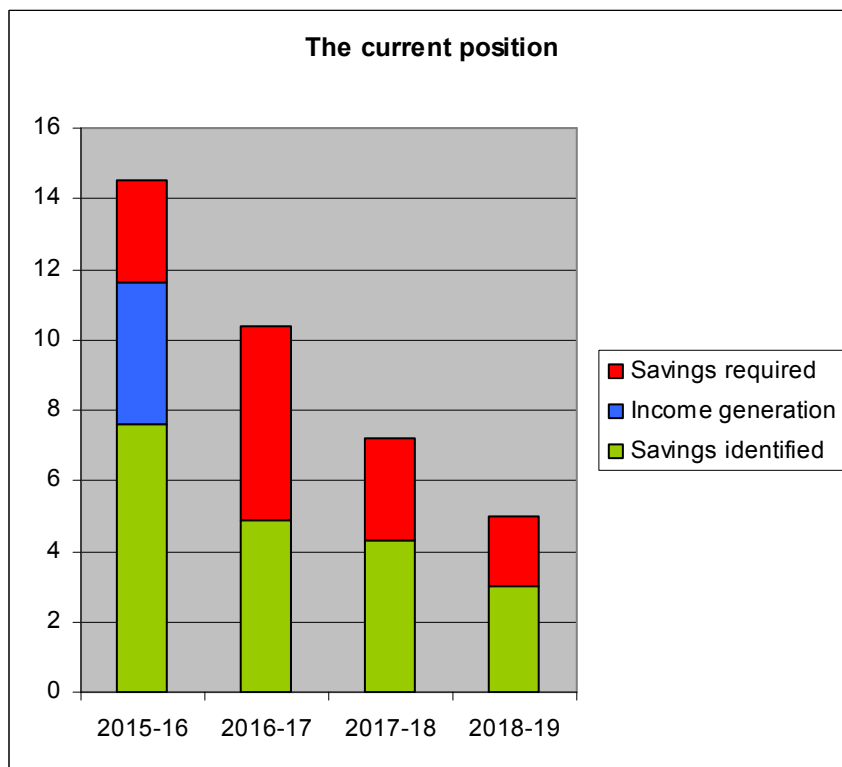
5.9 There are also a variety of key assumptions:

- Council Tax rises by 1% funded throughout by a Council Tax Freeze grant.
- Revenue Support Grant is per the 2015-16 provisional figure from Government and then decreases at variable levels in line with the latest information on Local Government Departmental Expenditure Limits.
- Education Support Grant declines by 15% p.a. with a further 25% drop in 2015-16 due to the Government's consultation on this.
- Growth on the Council Tax base is 1% per annum with growth in Business Rates flat in future years.
- New Homes Bonus rises broadly by 1% of taxbase growth until it gets to the end of the sixth year of the scheme when it stabilises.
- All savings are ongoing throughout the MTFS.
- Significant reduction in Directorate pressures is maintained.

Progress against the 2015-16 savings

- 5.10 The Council has already identified a number of areas that will support the delivery of the savings above. The Council has also identified savings for future financial years; these are provisional at present and require significant further work, but this underlines that plans are in place to assist in the delivery of savings for future years.

Chart 1.3: Key savings areas 2015-16 and beyond



- 5.11 The current savings proposals total £7.62m and these are detailed further in appendix A.
- 5.12 Further savings need to be identified over the Autumn to enable a fully balanced budget for 2015-16 as well as provide strong assurance that there are sufficient plans in place for delivering the Medium Term Financial Strategy through to 2019.

6 Comments of Other Committees

n/a

7 Conclusion

- 7.1 This paper highlights the financial challenge that the Council faces, and some of the key themes in which the Council anticipates meeting this challenge and delivering a balanced financial position from which to deliver its services.
- 7.2 The Council has a strong history of delivering balanced budgets through identifying savings from across its services and delivering services more efficiently. Though there remains a gap of £2.9m, this figure will be closed for 2015-16 with proposals coming back to Cabinet in the coming months.

7.3 The final decision on savings and a balanced revenue budget for 2015-16 is taken by the Council in February 2015.

8 **Appendices**

Appendix A – draft savings proposals

9 **Background Papers**

- '1' - Medium Term Financial Strategy 2014-18
- '2' - Local Government Finance Settlement 2014-15 and provisional figures for 2015-16
- '3' - Cabinet report on the MTFS; 15th July 2014

APPENDIX A

No	Directorate	Service	Service Lead	Commissioner	SAVINGS	Item
1	RHR	Asset Management	SG	Swi	50,000	Restructure asset support to Age Concern
2	RHR	Asset Management	SG	Swi	62,500	Capital disposals income
3	RHR	Housing	NA	Swi	150,000	Restructure proposals merging Emergency Planning with Neighbourhood to create a service and corporate wide resilience team. Primarily HRA funded
4	CCS	Building Control & Planning	SD	Swi	30,000	Restructure
5	CCS	Building Control & Planning	SD	Swi	55,000	Further Restructure
6	Wellbeing	Non-schools	JP	Sha	500,000	Contract savings as part of SBC contribution to the PFI - Local Partnerships engaged with SBC being used as a pilot for the DfE
7	CCS	Parks	Ast	Par	50,000	Underspend/Contract efficiencies and increased pitch charges (increase by up to 30%)
8	CCS	Community & Skills	ASt	Par	10,000	Parks Charges (Increase around 30% and still below competitor/neighbour rates)
9	RHR	Commissioning	SR / NH	Par	556,000	Contract management savings in respect of Amey
10	RHR	Directorate	SR	n/a	171,000	Efficiency target across the directorate

11	RHR	Transport	SDC	Mun	20,700	Car Parking lighting efficiency scheme
12	RHR	Transport	SDC	Mun	180,000	Pay On Foot Barrier system for Herschel and Hatfield Multi Storey Car parks
13	RHR	Transport	SDC	Mun	25,000	Reduce Traffic Management/Environmental Schemes
14	RHR	Transport	SDC	Mun	12,500	Increase Traffic management income/recharges
15	RHR	Transport	SDC	Mun	12,500	Parking Development Cost recovery
16	RHR	Transport	SDC	Mun	50,000	Permit Scheme - to be introduced by March 2015; Utility companies etc. would require a permit from the council before works could commence on the local road network. This would be administered using existing staff and a fee charged for the permit.
17	CCS	Community & Skills	ASt	Mun	30,000	Cemetery & Crem - Abatement, Charges
18	Wellbeing	Non Schools	JW	Man	450,000	Services to Schools Review Saving resulting from the new contract
19	CCS	Primary Authority	GdH	Hus	50,000	Additional income; Maintenance of partnership delivery on 34 contracts and continue to develop new contracts to generate income target
20	CCS	CP&BC reshape	GdH	Hus	40,000	Restructuring

21	CCS	Berks East TS	GdH	Hus	50,000	Shared service or service reduction tbc
22	CCS	Shared Management RBWM	GdH	Hus	25,000	Shared Service or service reduction
23	CCS	Reduction in Business support service	GdH	Hus	12,000	Restructuring
24	Wellbeing	ASC	ASi	Hus	1,000,000	Transformational Strategy LD Change Programme
25	Wellbeing	ASC	ASi	Hus	100,000	Mental Health Services Review of Day Services, High Cost Packages & Supported Living
26	Wellbeing	ASC	ASi	Hus	350,000	Service Reform Extra Care; Internal Day & Residential Services
27	Wellbeing	ASC	ASi	Hus	275,000	Prevention & Early intervention Community & Vol Sector Commissioning & Telecare
28	Wellbeing	C&F	KF	Hus	200,000	Children's service commissioning efficiencies Savings resulting from better commissioning and cheaper types of LAC provision
29	Wellbeing	Non Schools	RC	Hus	25,000	Raising Participation Partnership Service to cease, SBC surplus contribution
30	CCS	Young People's Service	ASt	Car	155,000	Restructure
31	CCS	Libraries Review	ASt	Car	185,000	Restructure
32	CCS	Community & Skills	ASt	Car	126,000	Divisional Restructure

33	CCS	Arts Post	ASt	Car	5,000	Service reduction -Delete arts post (i.e. stop any support for arts). Post fixed term to 2015.
34	CCS	CLASS Management	ASt	Car	30,000	Restructure
35	CCS	Library Stock Fund	ASt	Car	25,000	Service reduction - Reduced level of service for Curve and other sites. Impact on issues (falling)
36	CCS	Community & Skills	ASt	Car	6,000	Archive charge
37	RHR	Corporate Property	SG / SR		50,000	Corporate Properties - Premise Reduction Costs through more efficient usage of corporate buildings
38	RHR	Asset Management	SG	And	25,000	Increase Asset Mngt income/recharges to capital
39	RHR	Property Client	AT	and	30,000	Further capitalisation of corporate repairs
40	RHR	Finance & Audit	JH	And	6,000	Reduced External Audit fees
41	RHR	Finance & Audit	JH	And	25,000	Counter fraud income - Ensuring appropriate recovery of administration penalties and other recovery costs
42	RHR	Finance & Audit	JH	And	50,000	Counter fraud income - Recovered income through increased trading activity
43	RHR	Finance & Audit	JH	And	13,740	Remove management support
44	RHR	Finance & Audit	JH	And	5,000	Removal of change in budgeted posts

45	RHR	Finance & Audit	JH	And	5,000	Supplies & services efficiency
46	RHR	Asset Management	SG	And	100,000	Full cost recovery
47	Corporate	Finance & Audit	JH	And	93,000	Repayment of debt - There is a loan due to finish in 2015-16 and this will not be re-financed
48	RHR	Finance	JH	And	14,000	Transfer of staff to SFIS - delete remaining budget - Restructure due to the DWP moving counter-fraud staff from the LA to the DWP
49	Wellbeing	ASC	ASi	Hus	300,000	Reform of Social Care 1 - Front Door, Assessment, Brokerage and Reviewing
50	Wellbeing	ASC	ASi	Hus	500,000	Reform of Social Care 2 – Promoting Independence
51	Chief Executive	Media and Communications	TL	Sha	7,700	Efficiency savings through the service
52	Chief Executive	Community Cohesion	TL	Sha	25,000	Remove budget
53	RHR	Highways	AD	Swi	265,000	One off reduction in annual routine highways maintenance. Rescheduling/delay of highways maintenance e.g. patching, pothole filling on roads and surfaces.
54	RHR	Highways	AD	Swi	265,000	Additional one off reduction in annual routine highways maintenance.
55	Wellbeing	Public Health	Asn	Hus	200,000	tbc - public health
56	CCS	Directorate	RP	tbc	500,000	tbc - review ongoing
57	Chief Executive	policy & comms	TL	Sha	75,000	Efficiency savings through re-procured printing devices