

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 15th December 2014

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WARD(S): All

PORTFOLIO: Leader and Finance & Strategy - 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 update on the Medium Term Financial Strategy be noted.
- (b) That the draft savings proposals in respect of 2015-16, as detailed in Appendix A, be approved for inclusion in the proposed budget to full Council in February 2015.
- (c) That the level of restructuring implied within these papers, being that this could be in excess of 20 members of staff / posts, be approved.

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. The level of restructuring implied within these papers could be in excess of 20 members of staff / posts and Cabinet are requested to approve the consequential restructuring to deliver the financial savings associated with this.

5 Supporting Information

- 5.1 This paper is an update from the previous paper reported to the Cabinet in November 2014. Since this meeting there have been further changes to the financial planning assumptions and the savings proposals being identified.

5.2 Below is a summary of the key changes from the previous Cabinet report. The key area of volatility for the Council in setting its budget for 2015-16 is in respect of Business Rates. Though the expected Business Rates forecast for next year, and in the current year, is still above expectations earlier in the calendar year, the overall Business Rates payable has dropped by over £1m in the past few weeks. This has seen a consequential drop in the collection fund surplus and, if there is no improvement to this position in the coming weeks, could see a further reduction in this forecast.

Table 1.1: Key changes to the 2015-16 financial planning assumptions

Funding	November Cabinet	December Cabinet
Council Tax	45.22	45.54
Retained Business Rates	28.85	28.87
Revenue Support Grant	23.68	23.68
Education Services Grant	1.25	1.35
NHS monies to support Social Care	2.36	2.36
New Homes Bonus	2.59	2.59
Other non-ringfenced grants	0.40	0.4
Collection Fund	1.97	1.75
Total Budgeted income	106.31	106.53
Prior year baseline	112.11	112.34
Base budget	2.90	3.31
Directorate Pressures	1.61	2.3
Revenue impact of Capital investment	0.20	0
Other adjustments	0.00	-0.5
Savings requirement	-2.89	-3.29
Savings identified	-7.62	-7.62
Net Expenditure	106.31	106.53

5.2 The key changes to the financial planning assumptions are as follows, with an accompanying rationale

- Council Tax – as per the accompanying Council Tax Base report to this Cabinet, the tax base has continued to grow in 2014-15 and this has fed into an increased taxbase assumption for future years
- Retained Business Rates – the Council is currently compiling its NNDR1 form (Business Rates assumption for 2015-16) to support the expected Business Rates it anticipates collecting in 2015-16.
- Education services Grant – the 2014-15 figure is £1.8m, and Government have implied that this will reduce by 25% in 2015-16 (though there are no firm figures attached to this)
- Collection fund – the Council Tax element of this has increased slightly but the Business Rates surplus has decreased due to a reduction in the in year collectable amount.

- Revenue Impact on Capital Financing – assumption reduced to £0m for 2015-16. This will be managed through utilising non ringfenced capital receipts to fund the capital programme, and improved investment returns (i.e. the 2015-16 new capital schemes will reduce the Council’s overall investments but that this reduction can be mitigated by improved average returns)
- Prior Year Baseline – increased by £230k to reflect a removal of an existing income target in respect of the CRC (Carbon Reduction Commitment) scheme which has been removed going forward
- Budget build – this has been completed and there is a pressure of £300k due to increased LG Pension Scheme contributions and increased opt ins to the scheme following auto-enrolment, adjusting for previous year budgets and a higher pay and non pay growth level compared to the forecast
- Pressures - £310k of pressures from the CCS directorate, and £140k further of CSC pressures in respect of workforce costs and £450k for CSC cost pressures offset by an assumption of £200k of further pressures. There is also a pressure due to the drop in Housing Benefit Administration grant of circa £200k and we are awaiting Government confirmation of this.
- Other Adjustments – this represents the Use of Reserves; £150k in respect of the underspend in 2013-14 to be used for future financial years and £350k in respect of a review of reserves by the s151 officer which indicated that this amount could be released from previously earmarked reserves as a one-off to support the 2015-16 budget position.

5.3 There are still some key risk contained within the financial planning assumptions until the Council receives the final Local Government Finance Settlement (anticipated the week commencing the 15th December). The key areas of income that are not confirmed include the Revenue Support Grant, other non-ringfenced grants, Education Services Grant and the NHS monies to support social care.

Table 1.2: MTFs 2015-19

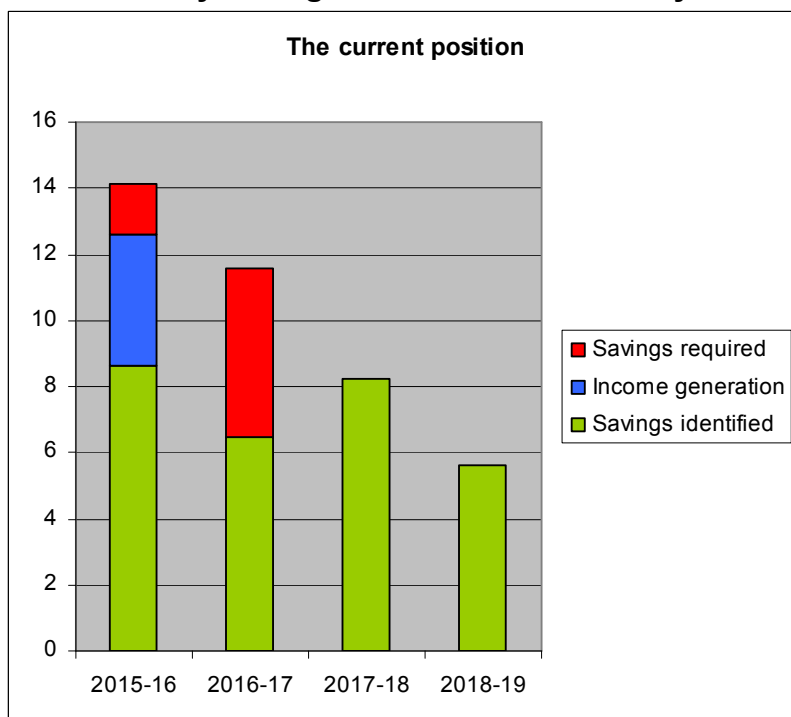
No.	2014-15	Funding	2015-16	2016-17	2017-18	2018-19
1	43.85	Council Tax	45.54	46.55	47.49	48.44
2	27.13	Retained Business Rates	28.87	29.15	29.44	29.73
3	32.47	Revenue Support Grant	23.68	19.60	15.60	14.10
4	1.96	Education Services Grant	1.35	1.15	0.98	0.83
5	2.36	NHS monies to support Social Care	2.36	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	1.75			
9	112.11	Total Budgeted income	106.53	102.39	99.45	99.05
10	114.25	Prior year baseline (adj.)	112.34	107.58	102.44	99.45
11	3.54	Base budget changes	3.30	2.90	2.90	2.90
12	8.20	Directorate Pressures	2.30	2.92	1.86	2.00
13		Revenue impact of Capital investment	0.00	0.60	0.00	0.00
14	-1.34	Other adjustments	-0.50	-0.05		
15	-12.53	Savings requirement	-3.29	-6.66	-3.45	-2.30
16		Savings identified	-7.62	-4.90	-4.30	-3.00
16	112.11	Net Expenditure	106.53	102.39	99.45	99.05

5.4 The model has been updated to reflect the one-off nature of some of the savings approved in November, and that the Council is currently proposing to use £0.5k of reserves to support the 2015-16 budget.

Progress against the 2015-16 savings and future savings

- 5.5 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.
- 5.6 For 2015-16 there still remains an underlying gap of £3.29m. Just over £0.7m of this can be reduced by the following (per appendix A)
- £297k saving in respect of bus / transport review
 - £400k from increase to the Managed Vacancy Factor by 1%
- 5.7 This would leave £2.6m further find. The proposal is for this to be allocated across directorates as follows with a comparative reduction for CCS due to some of procurement savings being apportioned to those directorates showing the saving:
- £1,350k – Wellbeing
 - £550k – RHR
 - £250k – CCS
 - £50k – CEX
 - £350k - Corporate
- 5.8 The current savings proposals total £7.62m and these new savings of £0.7m (i.e. above those previously report to Cabinet in November) are detailed further in appendix A.
- 5.9 Further savings need to be identified over the next six weeks 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.

Chart 1.3: Key savings areas 2015-16 and beyond



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 **£2.6m**, this figure will be closed for 2015-16 with proposals coming back to Cabinet by February 2015 for the full budget meeting.
- 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 – new 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 MTFFS; 15th July 2014 and 17th November 2014

Appendix A – new savings

No	Directorate	Service	Service Lead	Commissioner	SAVINGS	Item
1	All	All	n/a	All	£400k	<p>Increase managed vacancy factor by 1% (to 3%)</p> <ul style="list-style-type: none"> - SBC will offer reimbursement for journeys starting within its boundary between 0930 and 2300 Mondays to Fridays, all-day Saturdays, Sundays and Public Holidays; - Reimbursement will not be offered for companions of holders of passes endorsed +C (companion); - Supported Bus services will see withdrawal of funding for the following services: <ol style="list-style-type: none"> 1. Service 5: Monday to Saturday evenings between the Bus Station and Manor Park 2. 5: Sundays and Bank Holidays between the Bus Station and Manor Park 3. 6A: Monday to Saturday evenings between the Bus Station and Wexham Park Hospital. 4. 6A: Sunday and Bank Holidays between the Bus Station and Wexham Park Hospital 5. 53: Monday - Saturday: - Bracknell - Maidenhead - Wexham Park Hospital - Funding withdrawal for 50% of the Youth Bus Pass / explore other funding opportunities for this
2	RHR	AIR	JC	JS	£297k	