

All financial planning has been based around the 5YP outcomes and budgets have been re-aligned to reflect their contribution to the respective outcomes. Furthermore, the detail below highlights the trajectory of financial resource over the next 4 years.

4 **Other Implications**

(a) Financial

The proposals included within this report have financial implications, once they have final approval from full Council. Before then EIAs need to be considered in advance.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	n/a	
Property		
Human Rights		
Health and Safety		
Employment Issues	To be determined through savings proposals	
Equalities Issues	EIAs must be completed by full Council	
Community Support		
Communications		Utilisation of the budget simulator
Community Safety		
Financial	Assumed 45% real terms cut on current Government funding. If Government include Business Rates income and put a notional reduction on this funding then the position will worsen for the Council	If reduced reduction in funding then the position will improve.
Timetable for delivery		Approval will allow for better preparation of programmes into future financial years
Project Capacity	Significant programmes of work are included to deliver the savings. These should take into account programme resources. The creation of a programme management office to support major capital and other projects should assist capacity.	
Other		

Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

Individual savings items will have an EIA completed, where appropriate, in time for the final Council decision on 25th February 2016.

(e) Workforce

There will be workforce implications but these will be finalised within final budget proposals.

(f) Property

To deliver schemes in line with the strategic asset purchase strategy, the Slough Regeneration Partnership and utilisation of the Asset Challenge process. .

5 Supporting Information

Background

5.1 This paper sets out the latest financial planning assumptions over the next four years, 2016 to 2020, and the draft proposals to deliver a balanced budget over this period where these exist.

5.2 Since the previous paper to Cabinet, there has been the Comprehensive Spending Review and Autumn Statement on the 25th November. Though the Local Government Finance Settlement has yet to be announced, the trajectory of funding reductions and changes going forward can be summarised in the below:

- An increase in funding reductions compared to forecasts of £1m in year 1 and £2m in year 2
- The ability to increase Council Tax by a further 2% (i.e. 4% in total) before a referendum is required in respect of Adult Social Care funding – this would yield just over £0.9m
- No announcement on Council Tax Freeze grant – it is assumed this is honoured in respect of previous years but ceased going forward. This paper assumes a 1% increase to Council Tax in the financial model
- The proposal to utilise Capital Receipts to fund revenue transformation work – details to be announced in December
- Removal of the Education Services Grant – to be confirmed in 2016
- Ending of the Local Authorities role in running schools and all schools becoming Academies
- Business Rates retention in full by 2020, but with system of tariffs
- New Homes Bonus to be removed from 6 years of income to 4 years. This money would then be recycled back to Adult Social Care providing Councils. The mechanism on this will be announced in December

5.3 The Government has set out the financial reductions to Local Government in the summary below. Overall, the Government are stating that the total funds to Local Government will reduce by 1.7% in real terms though this assumes that Councils increase Council Tax to the maximum possible level before a referendum.

Chart 1.1: HM Treasury summary of Local Government Spending

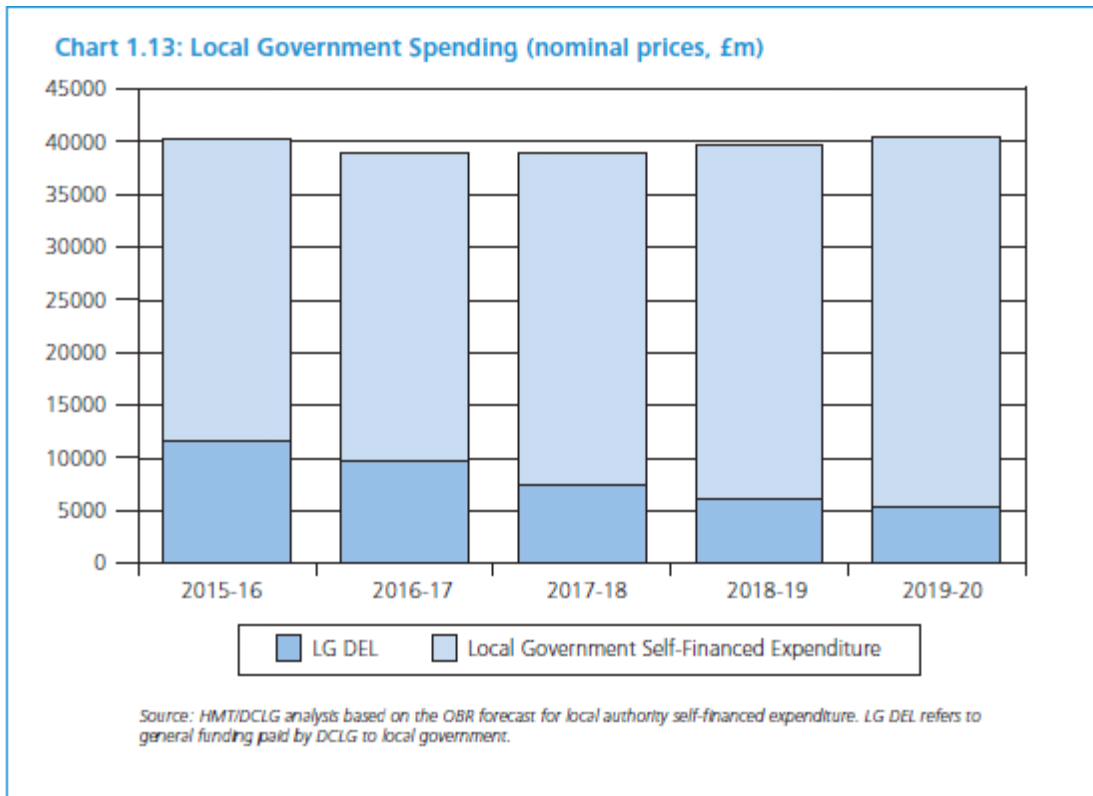
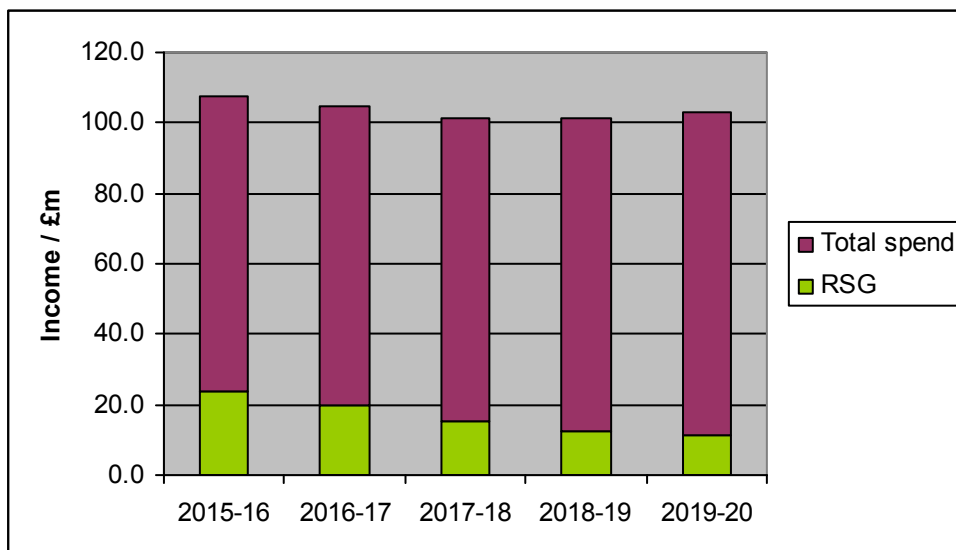


Chart 1.2: Slough BC equivalent chart of spending – at maximum Council Tax rise

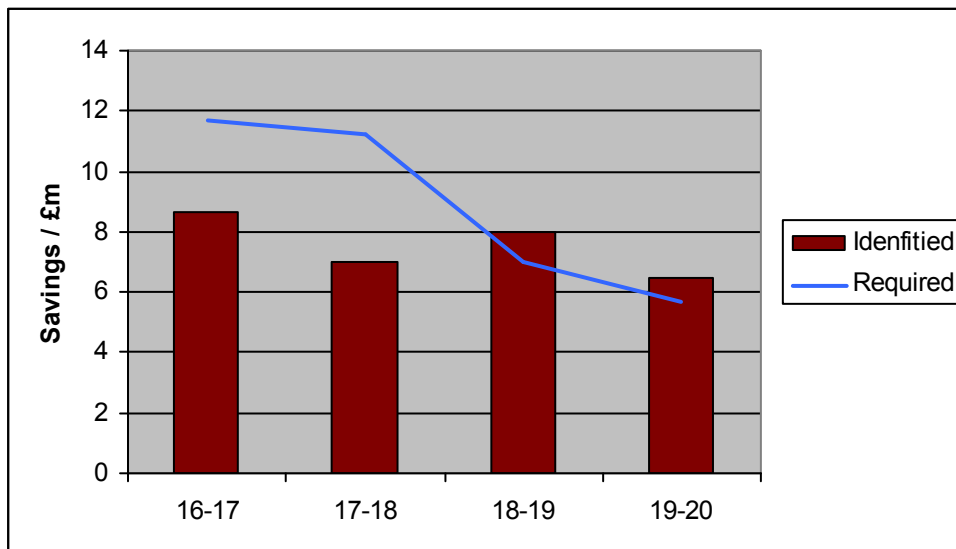


The Council’s approach to closing the financial gap

- 5.4 The Council has changed its approach this year to budgeting to focus on the delivery of the 5 Year Plan (5YP) outcomes. This outcomes based budgeting has enabled the Council to look at more cross cutting budgets that deliver outcomes rather than the same provision of existing services.
- 5.5 The outcome of the work undertaken so far has been to identify savings of twenty nine million pounds profiled per the below. A significant amount of these (£4.8m) were presented to the November Cabinet for approval to be included in the final budget papers. This paper and appendix A includes a further tranche of savings of

just under **£4m** requested to be approved to be included for the 2016-17 budget papers in February. All of these will be subject to review at the February Cabinet and Council, whereby the savings for 2016-17 will be presented for approval, with indicative figures for future financial years.

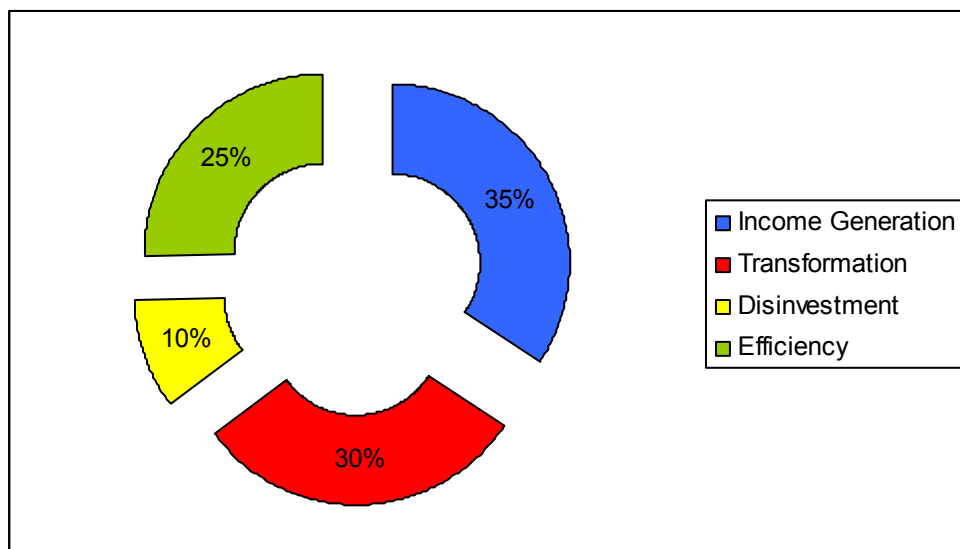
Chart 1.3: Draft savings proposals 2016-20



5.6 The above chart has changed for the outcome of the Spending Review. The two main changes being an increase in the savings gap for 2016-17 and 2017-18. This is because the funding reductions were larger than anticipated in the first two years. The final figures for the Council will not be known until mid to late December as part of the Local Government Finance Settlement.

5.7 The rationale for outcomes based budgeting was also to drive more innovation in the delivery of Council services and to take a more strategic look over the life of the MTFS to commence schemes that will re-shape services or deliver significant income in future financial years. The chart below highlights the themes of the main savings contained over the next four years as they are currently envisaged. These will need to be approved on an annual basis per the Council revenue budget setting process, but this provides a clear trajectory for where the Council is seeking to make change in the future. As can be seen from the chart, there are significant new income streams that the Council will be pursuing to enable the delivery of the 5YP but also to protect other services areas from even further reductions in budgets due to overall reduction in Government funding.

Chart 1.4: Indicative savings proposals by type 2016-20



The current position and financial planning assumptions

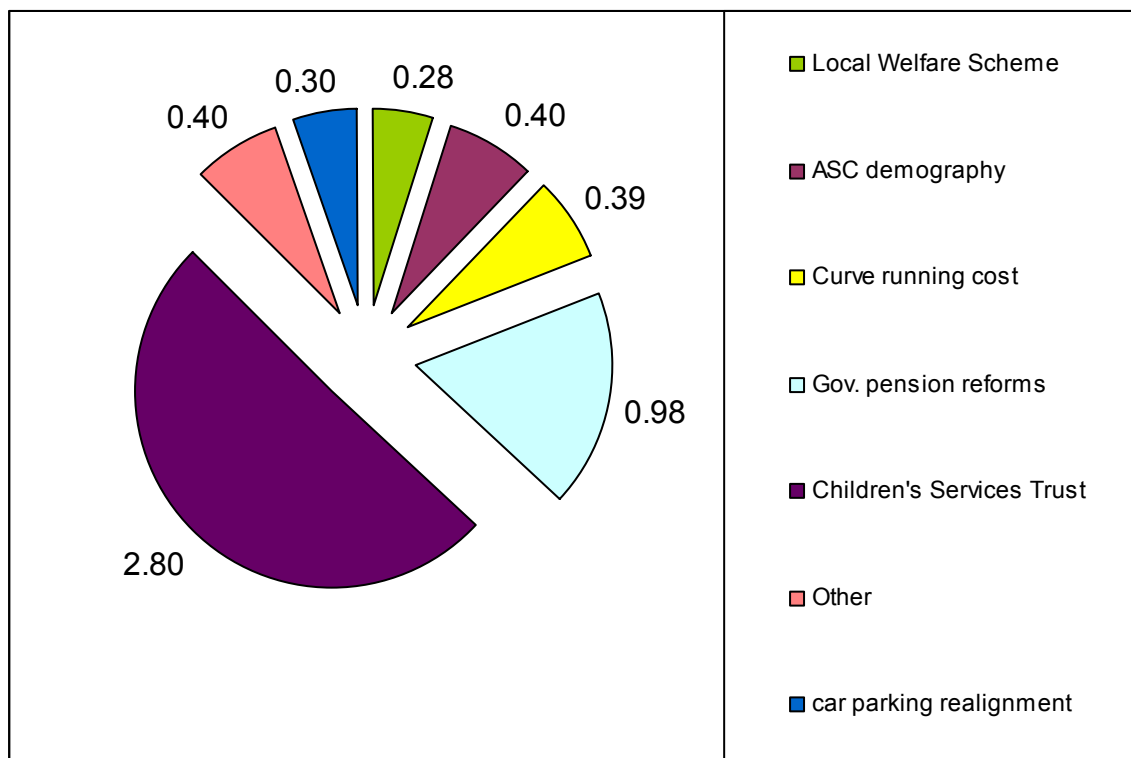
Table 2.1: MTFS summary

		<i>CTX assumption</i>				
		1.00%	1.00%	1.00%	1.00%	
No.	2015-16 <i>adj</i>	Funding	2016-17	2017-18	2018-19	2019-20
1	45.13	Council Tax	47.40	48.59	49.82	51.07
2	29.13	Retained Business Rates	29.35	29.64	29.94	30.24
3	24.01	Revenue Support Grant	20.00	15.40	12.70	11.30
4	1.46	Education Services Grant	1.24	0.62	0.31	0.00
5		NHS monies through BCF				
6	2.6	New Homes Bonus	3.64	3.64	3.64	3.64
7	1.08	Other non-ringfenced grants	0.80	0.60	0.40	0.20
8	1.9	Collection Fund	1.12			
9	107.66	Total Budgeted income	103.55	98.50	96.81	96.45
10	109.98	Prior year baseline (adj.)	106.58	104.05	98.60	96.91
11	3.72	Base budget changes	2.30	2.90	2.90	2.90
12	1.89	Directorate Pressures	5.55	2.00	2.00	2.00
13		Revenue impact of Capital investment	0.33	0.25	0.25	0.25
14	-0.5	Other adjustments	0.50	0.50	0.10	0.10
15		Savings requirement o/s (-) / contribution to reserves	-3.01	-4.19	0.95	0.88
16	-9.79	Savings identified for December Cabinet	-3.86	-4.19	-4.12	-2.87
		Savings previously agreed by Cabinet	-4.84	-2.82	-3.87	-3.72
16	107.66	Net Expenditure	103.55	98.50	96.81	96.45

5.8 The savings lines total approximately **£38m** over the next four years; an increase of £5m compared to before the Spending Review due to the front loading of funding reductions announced. This is similar level to that experienced by the Council over the past few years since the previous Coalition Government came to power in 2010.

5.9 It is also important to note the directorate pressures. These were summarised previously, and have been revised subsequently into the following areas:

Financial Pressures summary: 2016-17 / £m

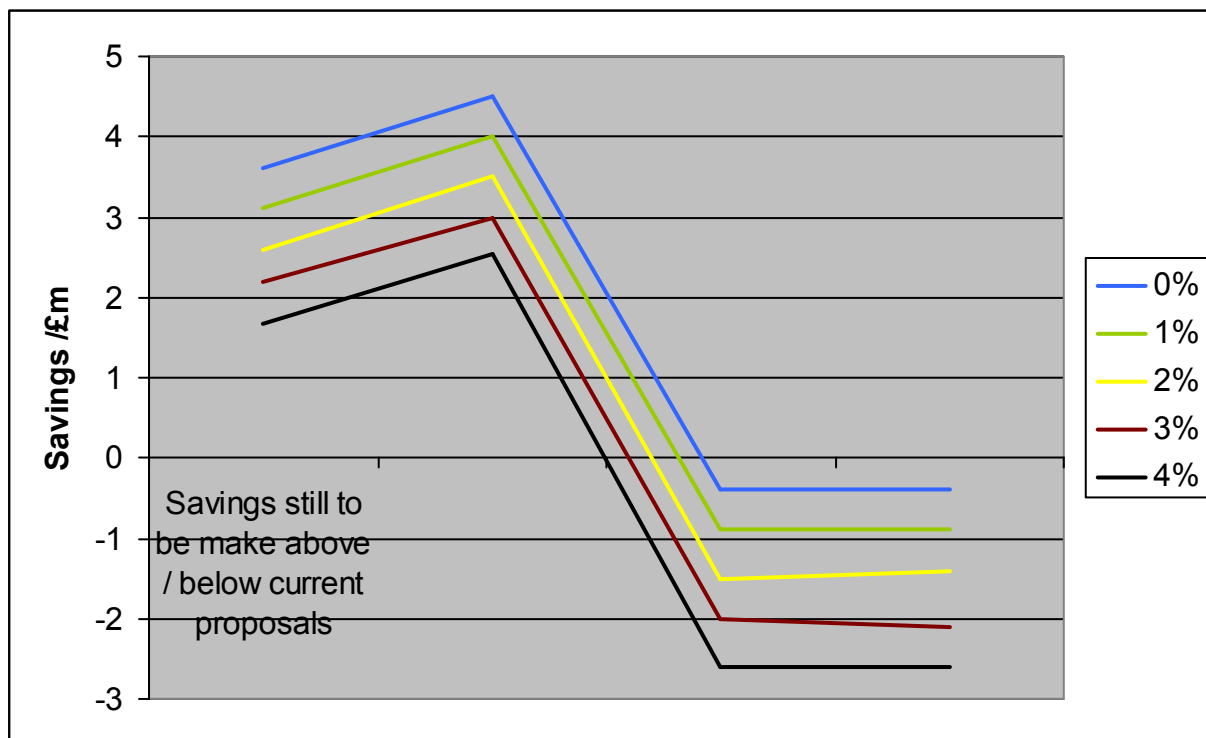


Impact on Council Tax

5.10 As noted above, the Council has the ability to raise Council Tax by in effect 4% before a referendum would occur, with 2% in respect of Adult Social Care (we are yet to see what stipulations are around this announcement). The impact of Council Tax on the remaining savings gap is per the below

Council Tax change	Savings still required / £m
0%	3.56
1%	3.09
2%	2.62
3%	2.15
4%	1.68

Further savings to be identified in excess of existing proposals



Business Rates

- 5.11 The full details of the Business Rates retention scheme have not been released at the time of writing. However, Government were clear in the Spending Review that Council's would retain 100% of Business Rates as a sector. Within this there will be a series of tariffs to ensure some redistribution from those Councils who have a strong business rate base, such as Slough, to other areas with weaker business rate bases. This will mean that the Council is highly unlikely to retain all of the Business Rates it receives.
- 5.12 The Government also confirmed Councils would have powers over the setting of the Business Rates levy, but would be unable to increase this.
- 5.13 Further details of the scheme will be brought to members once more information is released.

6 Comments of Other Committees

The Medium Term Financial Strategy and revenue budget 2016-17 are included on the Overview & Scrutiny Work Programme for February 2016 prior to the Cabinet making its final recommendations to full Council on 25th February 2016.

7 Conclusion

The Cabinet are requested to approve the savings programmes going forward and to assess whether these are in line with the 5YP. The final decision on these will come through to Cabinet in February 2016 and then full Council for the ultimate decision. However, by detailing the key plans for 2016-17 and beyond, and gaining Cabinet

approval, then this enables officers to commence programmes of work to enable these savings to be delivered from April 2016.

8 **Appendices Attached**

- 'A' - Savings proposals
- 'B' - Adult Social Care proposals

9 **Background Papers**

- '1' 2015-16 Full Council Budget papers
- '2' HM Treasury – Budget 2015 and Comprehensive Spending Review overview
- '3' November Cabinet – appendix A – savings proposals