

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

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PART I **FOR CONSIDERATION & COMMENT**

REVENUE BUDGET STRATEGY - 2009/10 AND FUTURE YEARS

1 Purpose of Report

This paper sets out the latest assessment of the Council's budget projection for 2009/10 and future years and considers the opportunities and threats facing the Council in the short and medium term.

2 Recommendations

The Committee is invited to comment on the following recommendations to Cabinet:

- a) That the Council's projected budget for 2009/10 and future years be noted.
- b) That the assumptions underlying the budget strategy be noted.
- c) That the growth and capital items be noted
- d) That the early savings items presented be agreed and implemented with immediate effect.

3 Key Policy Priority Implications

The budget is the financial plan of the authority and as such will underpin the delivery of the Council's Key Policy Priorities throughout the forthcoming year, through the individual departmental and service plans. It therefore reflects the Council's assessment of service priorities, but within the financial constraints it finds itself in.

4 Other Implications

4.1 Financial Implications

These are contained within the body of the report.

4.2 Human Rights Act & Other Legal Implications

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. The budget strategy presents the projected financial position of the Council for 2009/10 and future years and suggests actions to be considered by Members in order to deliver a balanced budget by the time the Council Tax is set in February 2009.

The 2003 Local Government Act places a duty on the Council to consider the robustness of budget estimates, the adequacy of reserves and the affordability of its capital programme in preparing its budget for the year.

There are no other legal or Human Rights Act implications.

4.3 Workforce

Some of the budget reduction options ultimately considered may involve both the deletion of vacant posts and potential redundancies. If this is the case the Council will ensure that HR policies are applied to minimise the impact of redundancies and to look for redeployment opportunities.

5 Supporting Information

Executive Summary

- 5.1 Without action there is a significant budget gap for 2009/10 and beyond. Therefore early discussions and decisions are needed so a full year's financial effect can be achieved.
- 5.2 The objective of a financial strategy is "to work out how the Council wants to structure and manage its finances (typically for 3, 5 years) and to ensure this fits with and supports the direction of Council objectives". There are in effect two elements to this:
- Setting a balanced budget, responding to year-on-year changes and supporting business continuity
 - Using the budget strategy to support and enable the transformation of services so that they match the Council's objectives and priorities
- 5.3 The scope of the financial strategy covers:
- Revenue and capital – capital investment strategy needs to be linked. What are the revenue implications of the capital programme? Are there options for delivering objectives from revenue or capital?
 - Sets a medium term outlook and agrees the budget strategy for the coming year (2009/10).
- 5.4 The detailed budget process was presented to Members on a previous agenda entitled, Policy, Prioritisation and Resources Group (PPRG).

- 5.5 Being in the middle of three year budgets the level of resources available to the Council is clear and based on Slough being at the floor, the cashable growth from government funding for each of the next two years is only £914k and £820k respectively.
- 5.6 To meet ongoing commitments and continue to deliver business continuity of current services, whilst investing funds into the Council's new priorities will require departments to identify savings. Indicative pro-rata savings targets of 4, 6, 8 and 10% were set.
- 5.7 The 2008/09 monitoring position is reported separately on this agenda. It is crucial that the Council continues its downward trend on the outturn projection and that overall it breaks even by the end of the financial year, otherwise this will not only impact on the level of balances, but also the budget requirement for the coming year.

Initial Growth and Savings Plan Options

- 5.8 The Policy, Priority and Resources Guidance within Slough is the budget challenge process used by the Council to bring the financial and policy cycles together and ensure that when budgets are being allocated and set, that they fit with the Council's statutory requirements, the Sustainable Communities Strategy, the LAA and the Leadership's manifesto.
- 5.9 Members of the Overview and Scrutiny Committee are asked:
- To consider the various options put forward as part of the Budget Review process and decide whether they believe them to be feasible; and
 - To decide if there are any other areas they believe the administration should be examining in order to achieve a balanced Revenue Budget in 2009/10 and beyond.

The Effect of the Decisions

- 5.10 Some of the savings proposed within the presentation will result in a number of posts being deleted, and within these there is the potential for redundancies. The Council will undertake its redeployment process to try to minimise the impact. In light of the level of savings required Officers will consider whether there is potential scope to apply for a direction to capitalise all redundancy costs incurred from the Department of Communities and Local Government (DCLG).
- 5.11 It is recommended that the savings options proposed within the presentation are approved now, rather than waiting for the final Council Tax setting meeting in February, so the savings can be delivered at the earliest opportunity for three reasons.
- Firstly to demonstrate that the Council is making best use of public funds and delivering value for money through efficiency savings throughout the financial year.

- Secondly by taking these savings early it is estimated that some partial savings can be delivered within this financial year helping to have an impact on the 2008/09 outturn position.
- Thirdly to ensure that where possible any required consultations are carried out with sufficient time to ensure that full year's savings will be delivered in 2009/10.

5.12 Further options to bridge the budget gap are being worked up by Officers; these options will come back in the January committee cycle.

Risks

5.13 When budgets are set they are build on assumptions about what will happen during the next financial year. The assumptions are obviously a best estimate at a point in time and are therefore subject to risk that they could be wrong.

5.14 The budget will be at risk if the proposed savings are not delivered.

5.15 Overall the budget situation will be very tight for the next few financial years.

5.16 The budget will therefore be closely monitored via the monthly financial management reports and reported to Cabinet throughout the financial year.

Budget Consultation

5.34 The Council is under a statutory obligation to consult residents and local businesses on its budget each year.

5.35 Slough Borough Council has a strong history of consulting on the budget and recognises the benefits this brings. The benefits of consulting (some of which are listed below) are particularly important when there are significant budget pressures:

- Provide Members with information to support decision making
- Promote public involvement in decision making
- Identify priorities for spending
- Identify areas in which spending reductions are seen as most acceptable
- Raise awareness about how finances are spent
- Raise awareness of the Council's sources and levels of funding
- Raise awareness of the impact of the calculation of population statistics on funding

5.36 Consultation methods range in cost and methods have been chosen which will provide a sufficient level of engagement whilst providing good value for money.

2009/10 Consultation Methods

5.37 The Council will consult on the Revenue Budget with the following groups:

- Local residents
- Members
- Stakeholders

- Business community
- SBC staff

5.38 Consulting internal staff will encourage staff to feel that they are well informed about Council issues and give them an outlet to express opinions.

5.39 Table 1 below sets out the methodologies the Council intends to use to consult with each group:

Table 1 Methods of Consultation

Target Group	Methodology	Comments
Local Residents	Article in The Citizen newspaper	Educational focus, to inform residents of current funding gap as a result of Government settlement and population estimates.
	Budget Simulator	This provides residents with an opportunity to see what the effects of raising or lowering spending in various areas would be both on services and on council tax levels. It also provides an opportunity to make general comments and to sign up to receive further information about the budget. The budget simulator after the consultation to raise awareness about the budget.
	Website	To provide information about the budget and efforts to challenge use of flawed population estimates.
	Press Releases	To raise awareness of the consultation and issues raised.
Members	Presentation and Budget report to Overview and Scrutiny	To enable members to discuss the budget and show preferences for spending by using 'ppvote' an electronic voting system. This will enable statistical data to be collected from Members present at this meeting.
	Briefings with Commissioners	These fall outside of the formal consultation process.
Stakeholders	Presentation to Slough Focus	Consulting the local strategic partnership (which includes representatives from partners agencies such as Police, NHS as well as voluntary sector and business) will encourage dialogue on improving local services.
Business community	Email presentation to business representatives	Businesses have identified a preference to receive information and submit comments by email.

SBC staff	Budget Simulator	Staff will be invited to use the budget simulator to promote awareness of the budget and gain feedback
	Internal Communications	A range of communication methods have been used and will continue to be used to raise awareness about the budget and keep staff informed.

- 5.40 Communications methods will be used to ensure that the findings of the consultation are publicised. This will ensure that those who took part in the consultation are able to find out about the range of issues raised and how the feedback was taken into account when finalising the budget.
- 5.41 Feedback from these consultation exercises will be reported to the meeting of the Cabinet in January, allowing Members sufficient time to take any feedback into account, before the Council's Revenue Budget is finally agreed in February 2009.

6 Conclusion

This paper sets out the latest assessment of the Council's budget projection for 2009/10 and future years and considers the opportunities and threats facing the Council in the short and medium term. There is a substantial funding gap that will require closing before the Council is able to set a balanced budget for 2009/10.

7 Appendices

None.