

<b>25 June 2015</b>	<b>ITEM: 7</b>
<b>Corporate Overview &amp; Scrutiny Committee</b>	
<b>Budget Update</b>	
<b>Wards and communities affected:</b> All	
<b>Report of:</b> Councillor John Kent, Leader of the Council	
<b>Accountable Heads of Service:</b> Sean Clark, Head of Corporate Finance and Section 151 Officer; Karen Wheeler, Head of Strategy & Communications	
<b>Accountable Director:</b> David Bull, Interim Chief Executive	
<b>This report is</b> Public	

## **Introduction**

1. This short report provides an update on the Council's Medium Term Financial Strategy (MTFS) and an overview of the proposed approach to shaping the Council for the future. This will form part of a report to Cabinet in July including a proposal for Budget Review Panels being developed in consultation with Group Leaders.
2. The Committee are invited to comment on the proposed approach and consider their role in the process as part of their work programme for 2015/16.

## **Medium Term Financial Strategy (MTFS)**

3. The Council set a balanced budget for 2015/16 having made some difficult decisions about where savings should be made. The cumulative effect of £83.2m savings over 6 years now visibly impacts on individuals and communities where services have reduced or stopped.
4. The latest version of the MTFS is attached at Appendix 1 which shows savings required of £26m for the four years 2016/17 to 2019/20.

## **Budget Review Panel**

5. In the context of reduced Government funding and other demands impacting on the Council's financial position, work has started on a strategic approach to shaping the Council.
6. Strategy Week, held in June 2015, focused on this challenge and brought together the Council's Leadership Group with other officers from across services, partners and Members to consider the areas of priority and cross-cutting opportunities.

7. Group Leaders have agreed in principle that as a key part of the Shaping the Council programme, a cross-party Budget Review Panel will be established to support a fundamental review of services and how they are resourced.
8. The proposed purpose of the Panel is to:
  - Build and strengthen awareness and ownership of portfolio budgets and issues across Group Leaders, shadow PFHs and other opposition leads
  - Consider and comment on the Council's draft 2020 Vision, the four change programmes, and the on-going bottom up review of Council functions
  - To explore options for budget savings in either 2015/16 or 2016/17 to be taken forward through the autumn scrutiny process, ensuring proposals are broadly consistent with the 2020 Vision and direction of travel
  - To refer to Corporate O&S the task of overseeing the BRP process
9. Group Leaders, Deputy Group Leaders, the Interim Chief Executive and Head of Corporate Finance will form the Panel and attend all the sessions supported by the Head of Strategy and Communications. The Leader will Chair the Panel. Portfolio Holders and Directors will be invited to attend specific sessions.
10. The Panel is not decision making. Areas identified by the Panel will be considered alongside the outcomes from Strategy Week and drawn together to identify areas for public consultation and review by Overview and Scrutiny Committees. Corporate Overview and Scrutiny Committee should play a role in overseeing this process and the Committee are invited to comment on the proposal.
11. A meeting with Group Leaders is taking place immediately prior to this committee meeting to discuss the Budget Review Panels in more detail. A verbal update will be provided.

<b>Appendix 1: Medium Term Financial Strategy</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
<b>Local Funding</b>				
Council Tax / Council Tax Grant	(1,700)	(1,335)	(1,362)	(1,368)
Council Tax Collection Fund Surplus	208	382	390	0
Business Rate Growth	(651)	(475)	(1,500)	0
Business Rate - Collection Fund Deficit	(2,644)	(860)	(860)	0
	<b>(4,787)</b>	<b>(2,288)</b>	<b>(3,333)</b>	<b>(1,368)</b>
<b>Total Government Resources</b>				
Revenue Support Grant	9,500	9,000	6,500	1,665
New Homes Bonus	(665)	(529)	(253)	(253)
Other Central Grants	265	228	196	398
	<b>9,100</b>	<b>8,698</b>	<b>6,443</b>	<b>1,810</b>
<b>Net Additional (Reduction) in resources</b>	<b>4,313</b>	<b>6,410</b>	<b>3,111</b>	<b>442</b>
<b>Inflation and other increases</b>				
Pay	1,796	1,596	831	848
Contract Inflation	379	407	424	442
Non Contract Inflation	496	563	619	681
Fees and Charges	(100)	(100)	(100)	(100)
	<b>2,571</b>	<b>2,466</b>	<b>1,775</b>	<b>1,871</b>
<b>Capital Financing</b>				
Prudential Borrowing & Treasury Management	(971)	1,151	1,011	0
	<b>(971)</b>	<b>1,151</b>	<b>1,011</b>	<b>0</b>
Finance and Education	(480)	(232)	0	0
Adult Social Care & Health	(750)	(750)	0	0
Children's Services	(516)	0	0	0
Regeneration	(329)	(35)	0	0
Highways and Transportation	(240)	(510)	0	0
Central Services	(600)	(632)	0	0
Communities & Public Protection	(75)	(75)	0	0
Environment	(1,111)	0	0	0
<b>Total Net Service Reduction</b>	<b>(4,101)</b>	<b>(2,234)</b>	<b>0</b>	<b>0</b>
Demographics	3,000	3,000	3,000	3,000
	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
<b>Total Savings to Identify</b>	<b>4,812</b>	<b>10,793</b>	<b>8,896</b>	<b>5,313</b>

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