

Report To: Cabinet

Date of Meeting: 25th November 2014

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Richard Weigh, Chief Accountant

Title: Budget 2015/16 – 2016/17 (Phase 2)

1. What is the report about?

The report outlines the latest budget position and presents Phase 2 of a programme of budget savings for recommendation to council in order to deliver the revenue budget for 2015/16 and to begin the process for 2016/17.

2. What is the reason for making this report?

To provide an update of the latest budget position to approve the saving proposals listed in Appendix 1 for recommendation to council.

3. What are the Recommendations?

To recommend that the savings listed in Appendix 1 are taken to council for approval.

4. Report details

The council's budget strategy had previously identified a budget gap of up to £18m over two years. This was primarily driven by indications that the council's funding settlement would be cut by 4.5%. The Draft Local Government Settlement was published on 8th October. The Settlement indicates that the cash reduction to the council's budget will be 3.7% which equates to £5.3m. With cost pressures the council has to fund, such as pay, pensions and energy increases, the budget gap for 2015/16 is now approximately £8.3m and estimated to be approximately £8.8m in 2016/17 - £17.1m in total.

The process to identify the savings required to deliver the budget is called Freedoms & Flexibilities and began in April. It involved a review of every service and activity within services and an analysis of the council's entire revenue budget. The process incorporated a series of all-day budget workshops with elected members where all of the budget analysis was presented, along with saving proposals from each service. So far, nine workshops have taken place with a tenth scheduled on 12th December. Further workshops to focus on 2016/17 will take place in February and March.

At the workshops, members were asked to consider proposals under the categories of 'adopt', 'develop' or 'defer'. In September, council approved a

set of proposals totalling £3.7m in 2015/16 and £870k in 2016/17 that was made up of items members had indicated they would adopt at the first four workshops over the summer. This completed Phase 1 of the budget process.

A number of other items were presented in the Phase 1 workshops that were classed as 'develop' – where members asked officers to provide more information or detail about proposals. These came back to the Phase 2 workshops held in the autumn and those where the majority of members in attendance were content to adopt the proposal are included as Appendix 1. The proposals total £3.6m in 2015/16 and £1.8m in 2016/17. Further narrative to help explain the Phase 2 proposals is included in an amended extract from the Cutting our Cloth paper recently issued to the public, members and staff which is shown as Appendix 2.

A graph showing the impact of the saving proposals being taken for approval in Phase 2, along with those already agreed in Phase 1 is shown as Appendix 3. The graph assumes that all of the Phase 2 proposals are approved. A summary of the budget process is included as Appendix 4 for reference.

Phase 3 of the budget process will consider final proposals to balance the 2015/16 budget, including options for Council Tax and any use of reserves. These issues will be discussed at the member workshop in December before final approval in February. Phase 3 of the process will also continue to develop savings options for 2016/17.

5. How does the decision contribute to the Corporate Priorities?

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

6. What will it cost and how will it affect other services?

The council may need to deliver savings of approximately £17.1m over the next two financial years.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

An EqIA will be considered and completed by services for all relevant proposals. Summary impact assessments indicate whether a full EqIA is required.

8. What consultations have been carried out with Scrutiny and others?

There has been significant consultation around the budget process and it has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. By the end of the process, there will have been at least ten budget workshops held with elected members.

The Corporate Governance Committee has an oversight role and has received reports to each of its meetings since April. Staff, the public and Town & Community Councils have been consulted on the proposals. The consultation published was called 'Cutting Our Cloth' and so far, 543 responses have been received. Most are deemed to be positive or neutral with around 20% negative.

In addition, consultation over individual proposals within services will take place with trade unions.

Impact assessments for each proposal will be available as supporting papers on the Modern.gov system.

9. Chief Finance Officer Statement

This continues to be an extremely challenging process with some tough decisions having to be taken. Approval of the proposals in this report will mean that the remaining budget gap for 2015/16 is approximately £1m and proposals to address this will be considered at the December workshop. However, while the process has been challenging for all concerned, the outcome is that proposals to achieve 88% of the budget reductions required to deliver the 2015/16 have been identified in the first two phases of the budget process. The continued engagement and support of elected members and services in the process is crucial.

10. What risks are there and is there anything we can do to reduce them?

This is the most challenging financial period the council has faced and failure to deliver an effective budget strategy will put further pressure on services in future financial years.

11. Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.