Joint Scrutiny of the Budget MTFS - Tranche 1

18 June 2018

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Aims and Summary Budget Position Tranche 1

To deliver a balanced and sustainable Revenue and Capital Budget over the 2019/20 to 2021/22 time horizon, taking account of radical Local Government Funding changes in 2020/21

The Council has agreed it is to follow a rolling budget process to enable the Council to facilitate a more flexible methodology to identify, implement and deliver savings and efficiency options required to balance the Council's Budget in a timely fashion.

	2019/20	2020/21	2021/22
	£000	£000	£000
Budget Gap as reported in the MTFS 2018/19	12,712	19,317	16,926
Tranche One - MTFS 2019/20 to 2021/22 budget changes	(2,485)	721	5,402
Revised Budget Gap (Cumulative)	10,227	20,038	22,328
Incremental Budget Gap	10,227	9,811	2,290

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The Reduction of the Reliance on One-offs

Non Repeatable One Off Savings	2017/18	2018/19	2019/20	2021/22
	£000	£000	£000	£000
Capital Receipts	12,738	2,922	4,139	-
MRP Re-Provision	-	3,700	-	-
Council Tax Surplus	173	1,188	-	-
Use of Reserves	7,194	4,231	-	-
Total	20,105	12,041	4,139	

The significant reduction in reliance of "One-off" use of Funds over the three year period is reflected in Service Department efficiencies and savings and a more sustainable budget

Council Reserves Position

Summary of Reserves	2017/18 Balance at 31.03.18 £000	2018/19 Estimated Balance at 31.03.19 £000	2019/20 Estimated Balance at 31.03.20 £000	2020/21 Estimated Balance at 31.03.21 £000	2021/22 Estimated Balance at 31.03.22 £000
General Fund Balance	6,000	6,000	6,000	6,000	6,000
Available Reserves:					
Usable Reserves	22,392	15,788	15,753	15,753	15,753
Departmental Reserve	5,197	902	902	902	902
Subtotal	27,589	16,690	16,655	16,655	16,655
Ring-Fenced Reserves					
Subtotal	7,310	6,856	6,806	6,806	6,806
TOTAL Reserves	40,899	29,546	29,461	29,461	29,461

Tranche 1 Initiatives for Approval (Summary)

	2019/20 £000	2020/21 £000	2021/22 £000
Pay and Pensions	-	2,400	2,820
Inflation and cost changes	194	194	194
Demographic & Volumetric Service Demand	419	679	1,160
Efficiencies	(135)	(135)	(135)
Capital Financing Changes	(1,509)	(1,253)	2,537
Service proposals (savings and additional income)	(774)	(784)	(794)
Funding changes	(680)	(380)	(380)
Grand Total	(2,485)	721	5,402

Line items making up these summarised totals will be discussed in the specific Departmental sections

Investment Requirements

Funding of £447k is required to implement the Communities savings proposals set out in Tranche One savings proposals

It is also prudent to:
- Ring-fence a further £500k to work up the business cases for savings proposals in the following areas in order to set out what additional investment will be required for full delivery: Demand Management, Commissioning and Brokerage, Communities, Health and Social Care, Resources, Information and Performance

- Ring-fence a further £504k to support working up business cases to deliver the £4.5m target in 2019/20 rising to £9.0m in 2020/21 for Shared Service savings

Funding the Transformational Investment
- The use of Capital Receipts for transformational projects;
- The use of Reserves;
- Absorption within existing budgets.

A full process will be put in place to manage and monitor spending on initiatives. Only when Business Cases/Plans have been fully approved will additional funds be released

Implementation of the Remaining Gap

The Council must create a sustainable budget position for both revenue and capital budgets.   Best practice would suggest that a Council should supply its Members with a range of options which exceed any deficit amount (budget gap), in order for more informed savings and efficiency decisions to be made. The Council can move to this position through adoption of the following strategies:

- Decide what Services the Council are to deliver and to what level:
- Additional Commercialisation
- Improvement in Procurement Processes / Commissioning
- Move from use of Agency staff to correct level of Permanent Staff
- Centralisation of "like services" into single unit:
- Fuller integration with Health and other Partners

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