

## Summary Sheet

### **Name of Committee and Date of Committee Meeting**

Overview and Scrutiny Management Board – 14 and 20 December 2017

### **Report Title**

Budget 2018/19 and Medium Term Financial Strategy Progress Update

### **Is this a Key Decision and has it been included on the Forward Plan?**

No

### **Strategic Director Approving Submission of the Report**

Judith Badger – Strategic Director of Finance & Customer Services

### **Report Author(s)**

Judith Badger – Strategic Director of Finance & Customer Services

### **Ward(s) Affected**

All

## Summary

This report provides an update on the value of budget reductions necessary over the next two financial years and presents options to bridge the budget gap in 2018/19.

Public consultation on the options commences on 7<sup>th</sup> December and consultation is also taking place with key partners, Trade Unions and staff. The consultation closes on 4<sup>th</sup> January and feedback from consultation will be considered when finalising the Budget.

The Provisional Local Government Finance Settlement is expected in mid-December with the Final Settlement expected in early February. This will confirm the Government funding to be received and enable the budget to be finalised.

The final Budget and Council Tax Report will be considered by Cabinet on 19<sup>th</sup> February and Cabinet recommendations will be referred to Council on 28<sup>th</sup> February for decision.

## Recommendations

That Overview and Scrutiny Management Board considers the Budget Options provided within the appendices to the report and provides any feedback to the Chief Executive.

**List of Appendices Included**

Appendix 1 – Budget Options – Regeneration & Environment Directorate  
Appendix 2 – Budget Options – Finance & Customer Services Directorate  
Appendix 3 – Budget Options – Assistant Chief Executives Office  
Appendix 4 – Budget Options – Children & Young Peoples Directorate  
Appendix 5 – Budget Options – Public Health Directorate

**Background Papers**

None

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Budget 2018/19 and Medium Term Financial Strategy Progress Update**

### **1. Recommendations**

- 1.1 That Overview and Scrutiny Management Board considers the Budget Options provided within the appendices to the report and provides any feedback to the Chief Executive.

### **2. Background**

- 2.1 The Council currently has a net revenue budget of £221m. Since 2010 it has had to make savings of £162m as a result of Government funding reductions and this has resulted in a reduction in the workforce of over 1,800 staff. Whilst the Council has managed this well it is becoming increasingly difficult to avoid cuts to front line services and like all Councils across the country demand pressures in Children's and Adults Social Care are creating additional and significant financial challenges with most councils now overspending their planned budgets in these areas.
- 2.2 The Council has reviewed its medium term financial assumptions and the outcome from this is being considered by Cabinet on 11<sup>th</sup> December. The budget shortfall for the next two years, reported in March 2017, has been revised downwards slightly requiring savings of £15.1m in 2018/19 and a further £15.8m in 2019/20 – new savings of £31m over the next two years.
- 2.3 This report presents budget options to bridge the shortfall in funding and deliver a balanced budget. These are set out in Appendices 1 to 5 attached to this report.

### **3. Key Issues**

- 3.1 The Provisional Local Government Finance Settlement is expected in mid-December with the Final Settlement expected in early February. This will confirm the Government funding to be received and enable the budget to be finalised. The budget options are subject to any further funding reductions the Council may receive in the Local Government Financial Settlement for 2018/19.
- 3.2 The Council provides a wide range of services for the people of Rotherham and to achieve the necessary savings for 2018/19, is working with partners to achieve best value for everything it does, focusing any investment on the agreed priorities set out in the Council Plan:
  - Every child making the best start in life
  - A strong community in a clean and safe environment
  - Every adult secure, responsible and empowered
  - Extending opportunity, prosperity and planning for the future
  - A modern, efficient Council

- 3.3 In the current year there is significant pressure on Adult Social Care budgets with increasing demand for services and over £10m of previous budget savings to be delivered. As such there are no new savings being proposed for Adult Social Care in 2018/19 with the focus being on ensuring delivery of those savings already under way to be implemented.
- 3.4 A substantial amount of work has been undertaken to minimise the impact of budget reductions on the most vulnerable people and on the services that the public most value. As a result, a significant amount of the budget gap of £15.1m has been identified from alternative areas within the Council budget and the savings options being presented for consideration as part of this report total only £5.3m from directorates in 2018/19 with an ongoing cost reduction of £7m per annum from 2019/20.
- 3.5 Alternative savings have been identified in areas such as treasury management, general efficiencies in discretionary budgets and capitalisation. There are also savings that are the subject of separate considerations and Cabinet reports e.g. increases in fees & charges, the review of Council Tax Support, the Empty Homes Premium and reduced costs of supporting the Passenger Transport Authority. These will all be set out in the final budget report to Cabinet and Council in February.
- 3.6 The budget options being presented and set out in Appendices 1 to 5 are summarised by directorate in the table below:

<b>Directorate</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>Total £'000</b>
Regeneration & Environment	2,687	1,196	3,883
Finance & Customer Services	672	200	872
Assistant Chief Executives	144	40	184
Children & Young Peoples	1,484	288	1,772
Public Health	275	56	331
Adult Care & Housing	0	0	0
<b>Total</b>	<b>5,262</b>	<b>1,780</b>	<b>7,042</b>

- 3.7 Of this, only £1.8m is front line service change and reduction, with £2.8m focussed on delivering efficiency savings and £600k being from income generation.

#### **4. Options considered and recommended proposal**

- 4.1 Overview and Scrutiny Management Board is asked to consider the budget options set out in the appendices and provide feedback to the Chief Executive for consideration alongside the wider consultation.
- 4.2 As the Council needs to substantially reduce its net spending in order to respond to the reduced Government funding, there are no alternatives being proposed.

## **5. Consultation**

- 5.1 Public consultation on the options commences on 7<sup>th</sup> December and consultation is also taking place with key partners, Trade Unions and staff. Feedback from consultation will be considered when finalising the Budget.

## **6. Timetable and Accountability for Implementing this Decision**

- 6.1 The final Budget and Council Tax Report will be considered by Cabinet on 19<sup>th</sup> February and Cabinet recommendations will be referred to Council on 28<sup>th</sup> February for decision.

## **7. Financial and Procurement Implications**

- 7.1 The savings set out in the report total £5.3m from service directorates contributing to delivering a balanced budget for 2018/19.

## **8. Legal Implications**

- 8.1 No direct implications.

## **9. Human Resources Implications**

- 9.1 The specific budget options included in this report, if implemented, will impact approximately 80 full time equivalent posts over the next two years and affect approximately 100 staff. Appropriate consultation and engagement will take place with Trade Unions and affected staff prior to any changes being made.

## **10. Implications for Children and Young People and Vulnerable Adults**

- 10.1 The Council remains committed to prioritising social care and in Children's Services in particular, and this is reflected in the budget options being considered.

## **11. Equalities and Human Rights Implications**

- 11.1 In preparing its Budget the Council must be mindful of the potential impact on service users. Where appropriate, Equalities Impact Assessments will be carried out and considered alongside budget options and proposals.
- 11.2 Some savings will be subject to further individual Cabinet decisions and these will consider the impact where relevant and appropriate.

## **12. Implications for Partners and Other Directorates**

- 12.1 The Chief Executive has written to Partners to advise them of the financial challenges facing the Council and to invite them to consider and feed back their views on the options being consulted on.

### 13. Risks and Mitigation

- 13.1 The Council has a significant budget challenge in delivering on previously agreed savings and also making further savings. There is a risk of impact to service users and residents and these risks are being managed and mitigated wherever possible.

### 14. Accountable Officer(s)

Approvals obtained from:-

	<b>Named Officer</b>	<b>Date</b>
Strategic Director of Finance & Customer Services	Judith Badger	06/12/17
Assistant Director of Legal Services	Dermot Pearson	06/12/17
Head of Procurement (if appropriate)	N/A	
Head of Human Resources (if appropriate)	Sue Palfreyman	06/12/17

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