

Health & Well Being Board

Meeting the Financial Challenge – An overview of the Council's Budget 2013/14 and beyond

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The Financial Challenge

- The scale of financial challenges / risks facing local government is **set to continue for at least until 2017 (possibly a decade).**
- Increasing financial risk transferred to local councils through the local government finance and welfare reform changes and restrictions on finances eg CT Referenda.
- Sustainable medium/long term financial planning is **now even more critical!!**

..... the lack of financial certainty e.g the next Spending Review is only to be announced in late June 2013, and the likelihood of further finance reform / restrictions makes financial planning extremely difficult

What this means for Rotherham?

Never faced such financial challenges before...

- 2010/11 £5m (emergency budget)
- 2011/12 £30m
- 2012/13 £20m
- 2013/14 £20m
- 2014/15 £20m+?
- 2015/16 £??m

Localisation could have significant, adverse impact on future Council resources

Approach Taken

- Established a **clear set** of budget principles
- **Started early** in redesigning services and budget.....reduced head count in last 2 years by over 1,000 and have pushed back the financial 'cliff edge' into later years (2015/16?)
- **Strategic re-positioning** and re-integration of its partnerships eg RBT and 2010 Rotherham allowing further savings to be made
- Focus on reducing the '**back office**' to a minimum level – over 15% reduction in last 2 years
- Concentrated on **reducing management** posts which have reduced by 26% at Director level and 43% from next tier - overall management reduction of 19%; while front line reduction has only been 8%.

Rotherham's 2013/14 Budget Challenge (1)

Initial Funding Gap in MTFS **£14.1m**

Additional challenges (October):

- Specific grants rolled into Formula Grant at reduced levels (net) +£2.9m
- Freezing Council Tax +£2.2m
- CTRS 8.5% max pass through to working age claimants +£1.0m

Revised Funding Gap **£20.2m**

Meeting the Challenge (2)

By working together with a clear set of budget principles, we have managed to meet the budget challenge while protecting front line services and those most in need in the borough , and minimising job losses

- **over 70% (c£14m) of savings proposals do not affect front line service delivery - key examples being:**
 - Reviewing inflationary assumptions (£4m) and MTFS assumptions (£0.9m)
 - Further back office streamlining (£2.2m)
 - Rationalising customer access (£0.5m)
 - Realising benefits from improved cash flow management (£2.4m)
 - Maximising opportunities through joint working on Public Health/NHS (£0.8m)
 - Working with partner organisations to improve efficiency (£1m)
 - Maximise income from other sources (£0.8m)

Meeting the challenge (3)

- The remaining savings will come from:
 - Front Line Services:
 - Children and Young Peoples £1.776m
 - Neighbourhoods and Adult Social Care £2.974m
 - EDS (excl Customer contact) £1.000m
 - Staff savings to be agreed with TUs £0.300m
 - Critical Friend Reviews of Front line services £0.341m

- Further job losses expected to be contained at 50 to 60 FTEs

- Accepted the CT Freeze Scheme – to protect low income families who are vulnerable in the borough.

Meeting the challenge (3)

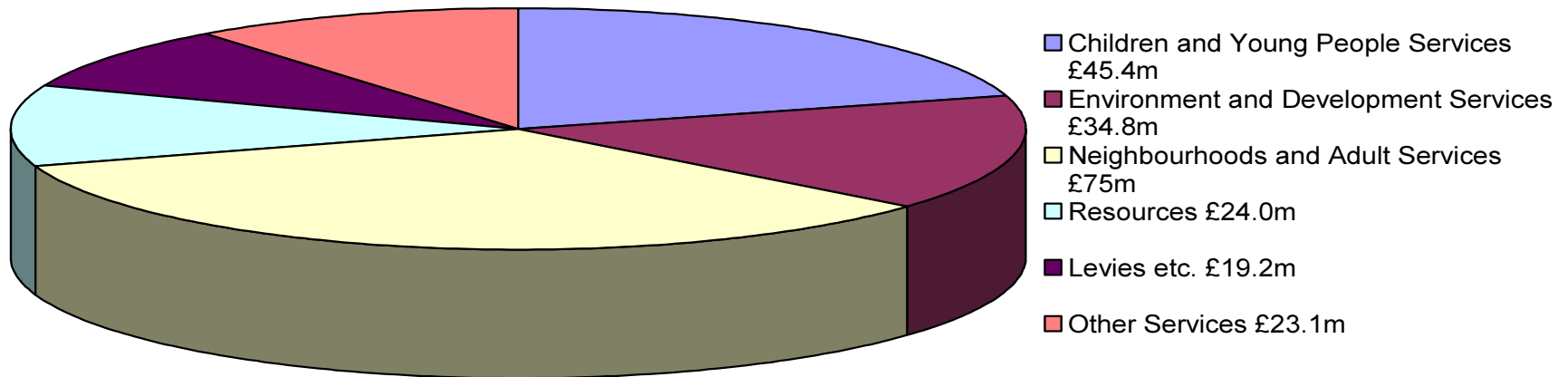
- Designed Council Tax Reduction Scheme (CTRS) to protect vulnerable groups by retaining income disregards, allowances and premiums and by taking up the Government's Transitional Grant Support Scheme.
- Used reform of CT discounts and exemptions to minimise cost of CTRS to working age claimants – likely cost £1.56 per week in a Band A property
- **Maintaining Financial Resilience** through:
 - sustainable budgeting
 - Effective, medium term management of reserves to meet future significant risks – circa £7m General Reserve

RMBC Revenue Budget 2013/14

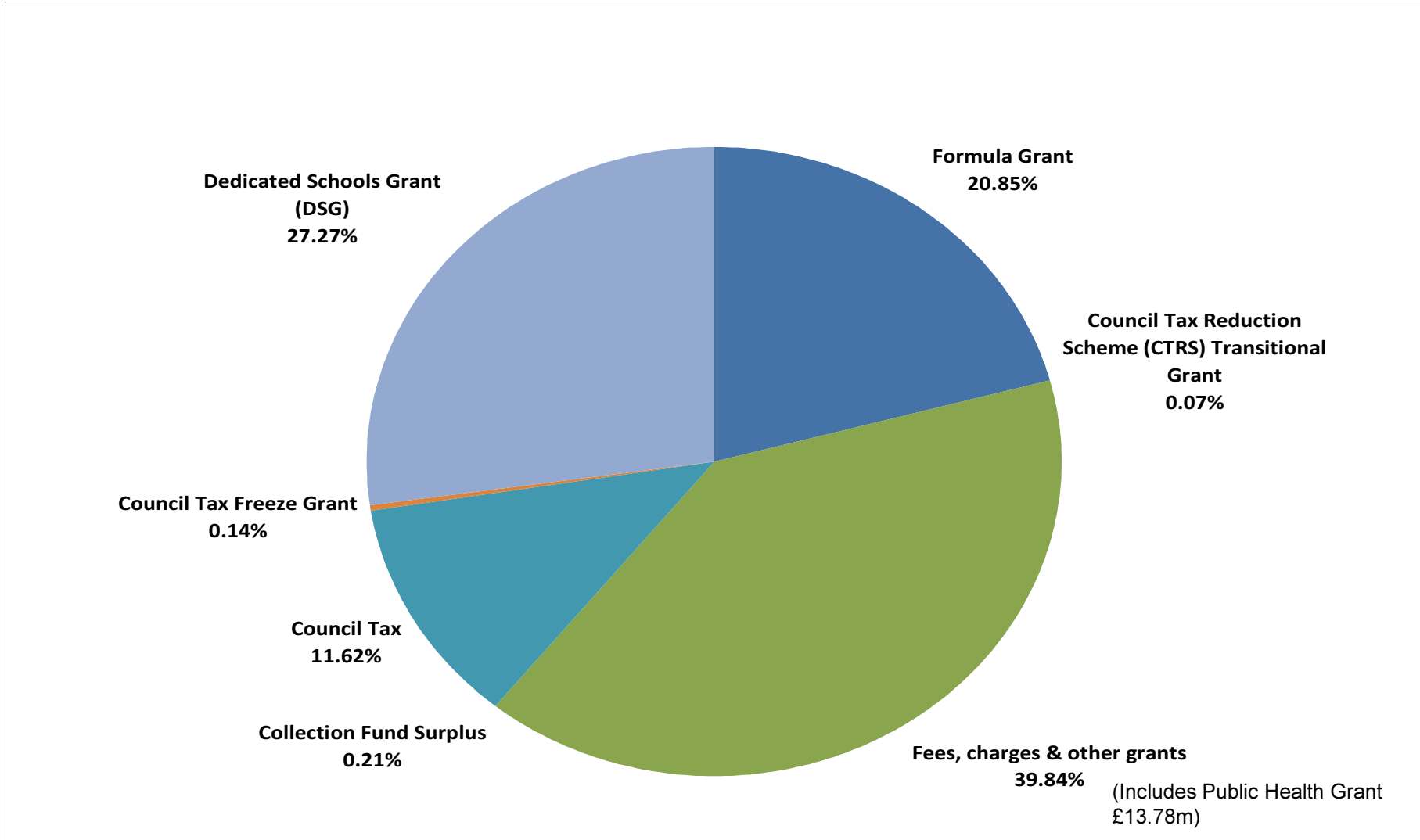
Directorate	Summary		
	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£
CYPS	276,238,494	-230,824,494	45,414,000
EDS	80,133,120	-29,462,201	50,670,920
NAS	125,248,989	-50,291,989	74,957,000
Resources	156,392,212	-129,777,697	26,614,516
Central	35,417,273	-11,599,708	23,817,565
RMBC Total	673,430,087	-451,956,089	221,474,000

RMBC Directorate's Net Revenue Budget 2013/14

£221.474m



RMBC Income 2013/14



Future Years'Financial Challenge (1)

What do we know or expect to happen?

- Significant reductions in resources are anticipated for 2014/15 nationally – a reduction of 8.6% is planned! In Rotherham 9.1%!!
- Next Spending Review to be announced ...by end June 2013
- Chancellors view.....austerity programme needs to be extended until (at least) 2018 – Autumn Statement
- Further restrictions on finances may come forward – e.g more stringent CT referenda principles for those **not accepting** CT Freeze grant have been muted!
- Further reform of LG Finance bringing about a further transfer of risk to LG Finances???

Future Years'Financial Challenge (2)

What do we know or expect to happen?

- Impact of localisation of Business Rates – first year?
- Other likely Formula Funding changes eg Education, social care
- Impact on local economy of welfare reform changes eg CTRS, Bedroom Tax etc – including need to annually review CTRS scheme; loss of Transitional Grant (£0.5m); introduction of Universal Credits
- Impact of Triennial Revaluation of LG Pension Fund – April 2014
- **Pressure to prioritise local economic growth initiatives to stimulate the local economy**