

Summary Sheet

Committee Name and Date of Committee Meeting

Overview and Scrutiny Management Board – 24 and 26 October 2018

Report Title

Budget Options 2019/20 and 2020/21

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)

Paul Stone – Head of Corporate Finance

Ward(s) Affected

All

Summary

This report provides an update on the overall value of budget reductions necessary over the next two financial years and presents options that have been identified from service areas to significantly address the budget gap across both years.

Consultation with the public, key partners, Trade Unions and staff will formally commence on 26th October and close on 30th November. The outcomes from the 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 2019. This will confirm the Government funding to be received and alongside feedback from the consultation and Overview and Scrutiny Management Board, will enable the budget to be finalised.

The final Budget and Council Tax Report will be considered by Cabinet on 18th February 2019 and Cabinet recommendations will be referred to Council on 27th February 2019 for decision.

Recommendations

The Overview and Scrutiny Management Board considers the Budget Options provided within the appendices to the report and provides any feedback to the Chief Executive by 30th November.

List of Appendices Included

- Appendix 1 - Budget Options – Assistant Chief Executives
- Appendix 2 - Budget Options – Corporate, Finance & Customer Services [including Customer & Digital (R&E)]
- Appendix 3 - Budget Options – Adult Care, Housing and Public Health
- Appendix 4 - Budget Options – Regeneration & Environment Directorate
- Appendix 5 - Budget Options – Children & Young Peoples 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 Options 2019/20 and 2020/21

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 by 30th November.

2. Background

- 2.1 The Council currently has a net revenue budget of £217m. Since 2010 it has had to make savings of £177m as a result of Government funding reductions and service demand pressures which 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 councils across the country, demand pressures in Children's and Adults Social Care are creating additional significant financial challenges with many councils now overspending their planned budgets in these areas.
- 2.2 The Council reviewed its medium term financial assumptions as part of setting the 2018/19 Budget in February 2018. To set a balanced budget in 2019/20 and 2020/21, overall budget savings of £15.8m in 2019/20 and £13.9m in 2020/21 (a total of £29.7m) are required. An updated Medium Term Financial Strategy will be considered by Cabinet on 19th November and there may be a small number of further individual options brought forward as separate reports which will also contribute to balancing the budget. The work underway to finalise these alongside the budget savings options totalling £23.6m presented within this report will be sufficient to enable a balanced budget to be set.
- 2.3 This report presents budget options to meet 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 alongside feedback from public consultation and Overview and Scrutiny Management Board, will 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 2019/20. The Settlement will confirm details of the final year of the four-year offer made to local government in 2015. Beyond 2020 there is uncertainty in the level of funding available to local government pending the outcomes of the Government's Comprehensive Spending Review, expected in 2019, and the Fair Funding Review which will examine and revise how local authorities are funded from April 2020 onwards.
- 3.2 The Council provides a wide range of services for the people of Rotherham and to achieve the necessary savings 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 Big Hearts, Big Changes is the Council's transformation programme that will bring together all of the major changes within the Council, ensuring that all directorates are working together to achieve the outcomes within the Council Plan.. The budget savings outlined in the appendices draw on these principles.

3.4 The budget options being presented and set out in Appendices 1 to 5 are summarised by directorate in the table below:

Directorate	2019/20 £'000	2020/21 £'000	Total £'000
Assistant Chief Executives	184	50	234
Corporate	494	0	494
Finance & Customer Services	815	0	815
Adult Care, Housing and Public Health	3,098	6,053	9,151
Regeneration & Environment	915	1,998	2,913
Children & Young People	2,265	7,742	10,007
Total	7,771	15,843	23,614

3.5 A final review of the Medium Term Financial Strategy will be carried out as part of finalising the budget to reflect the outcomes from the Local Government Finance Settlement 2019/20.

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 by 30th November for consideration alongside the wider consultation.

4.2 The savings proposals are subject to consultation. However the Council has a legal responsibility to set a balanced budget and needs to reduce its net spending by around £30m over the next two years in order to respond to the Government funding and significant cost pressures on social care services. Final decisions will be taken in February.

5. Consultation

5.1 Public consultation commences on 26th October and ends on 30th November. Consultation with key partners, Trade Unions and staff will also take place during that time. Feedback from the 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 18th February 2019 and Cabinet recommendations will be referred to Council on 27th February 2019 for decision.

7. Financial and Procurement Implications

- 7.1 The savings set out in the report total £23.614m over the next two years. £23.120m is from service directorates with an additional £0.494m corporate saving.
- 7.2 It is anticipated that alongside revisions to the Medium Term Financial Strategy and potentially a small number of additional options being brought forward, the savings contained within this report will be sufficient to enable a balanced two year budget to be set.

8. Legal Implications

- 8.1 No direct implications.

9. Human Resources Implications

- 9.1 Some of the budget options included in this report, if implemented, will impact on posts over the next two years. The current assessment of this suggests a reduction in the region of 130 FTE's across the two years. Confirmation of the numbers will be further enabled as the proposals are developed in more detail. Appropriate consultation and engagement will take place with Trade Unions and affected staff as appropriate, 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 feedback 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. Current year savings delivery is monitored and reviewed on a monthly basis and mitigating actions implemented where necessary. These are reported to Cabinet throughout the year and additional spending controls have also been put in place to address in year overspends.

13.2 Savings for future years have been developed using good practice from other areas as well as benchmarking of costs and outcomes to minimise risk and develop credible proposals. With any proposals there is always 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:-

	Named Officer	Date
Strategic Director of Finance & Customer Services	Judith Badger	16 th October 2018
Assistant Director of Legal Services	Dermot Pearson	16 th October 2018
Head of Procurement (if appropriate)	n/a	n/a
Head of Human Resources (if appropriate)	Lee Mann	16 th October 2018

Report Author: Paul Stone, Head of Corporate Finance

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