



Budget and Medium Term Financial Plan Update

Charles Warboys
Chief Finance Officer

Background to this year's Budget process

- National economic situation remains challenging, though beginning to show signs of limited growth
- Government continued austerity programme
- No indication of any easing of this approach
- Chancellor's "Autumn" Statement and Formula Grant expected in December though timescales remain uncertain
- However, we have already been provided with a provisional Settlement for 2014/15, though have subsequently been notified of a further 1% cut in funding, which should be a reasonable basis for planning
- We will have to balance our expenditure to this reducing level of funding, so there are tough decisions ahead.
- MTFP will be for the first time making a detailed assessment of potential NNDR growth retention, which would go towards mitigating loss of Government funds.

Spending Review 2013

- Covers the 2015/16 year only, planning up to the next General Election
- Headline cut of 10% to DCLG “Departmental Expenditure Limit” (DEL). Remains to be seen how this will be shared amongst Local Authorities.
- Extends previously awarded Council Tax Freeze Grants through to 2015/16 and provides for further Freeze Grants for those Authorities freezing Council Tax in 2014/15 and 2015/16. Worth £1.2m in 2014/15 and £5.7m in 2015/16 to CBC over and above previous MTFP.
- Outlines a cut of 20% to the Education Services Grant for 2015/16. Present forecast suggest that this will cost CBC around £1m.
- Introduces a pooled “Single Local Growth Fund” for 2015/16, comprising funds drawn from various sources including the New Homes Bonus. The stated National topslice of NHB of £400m equates to around 35%. For CBC this would mean approx. £3m of revenue funding being substituted for ring-fenced capital funds.
- Sets out a 1% cap on Public Sector pay rises, in line with MTFP forecasts.
- Various other items which are currently being assessed for impact on MTFP.

Business Rates (NNDR)

- Local retention of NNDR commenced in 2013/14
- System allows CBC to keep a portion of NNDR growth above a given baseline, instead of passing whole amount over to Government.
- The 2013/14 MTFP used Government forecasts of NNDR growth for 2013/14 and 2014/15, with no further growth for subsequent periods.
- Current MTFP for the first time includes our own detailed forecasts of NNDR growth
- This has allowed the recognition of some upside to mitigate against loss of Government funding, particularly in respect of Centre Parcs.
- Forecast model is updated as we gather more data.
- Care taken to ensure a prudent approach to this volatile income stream.

Approach to budgeting

- Continuation of the Head of Service Reviews
- An opportunity:
 - For each HoS to explain the issues they are facing
 - To demonstrate accountability and ownership of budgets
 - For Executive Members and CMT to get to a level of detail and understanding not previously possible
 - To review progress against existing targets and discuss new pressures and opportunities for efficiencies
- Process is now completed and summary of position is being established
- A detailed review of capital schemes with project managers has been undertaken

Lessons learned

- There is enthusiasm and commitment across the Council to serving our customers
- There are few easy, painless savings to be made
- We are now better placed to understand the consequences of savings proposals
- Some themes cut across the Council:
 - Moving from institutional investment to personal solutions
 - Early intervention and enabling independence (prevention not cure)
 - Ensuring we deliver best value from all our contracts
 - Income generation – potential for investment that generates a return
 - Self -service through digital channels
- We still have to take difficult decisions to balance the budget

MTFP – Resource Summary

MTFP – Resources	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	(Reduction) / Growth %
Formula Grant	38.5	31.7	29.8	28.3	28.3	(26.5)%
Retained NNDR	28.2	29.0	30.5	31.3	33.3	18.5%
Council Tax Freeze Grant 2010	3.2	3.2	3.2	-	-	(100)%
Council Tax Freeze Grant 2012	1.3	1.3	1.3	-	-	(100)%
Council Tax Freeze Grant 2013	-	1.3	1.3	-	-	0%
Council Tax Freeze Grant 2014	-	-	1.3	1.3	-	0%
Council Tax	117.8	118.6	119.4	120.7	120.7	2.5%
TOTAL	189.0	185.1	186.8	181.6	182.3	(3.5)%
(Reduction) / Growth (%)	-	(2.0)%	0.9%	(2.8)%	0.4%	

MTFP – Movement on Prior Year

MTFP – Changes from 2013 / 14		2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Funding as per 2013 / 14 MTFP		183.8	178.2	178.0	N/a
Extend MTFP to 2017 /18		-	-	-	178.0
Council Tax Freeze Grant 2010 extension		-	3.2	-	-
Council Tax Freeze Grant 2012 extension		-	1.3	-	-
Council Tax Freeze Grant 2013		1.3	1.3	-	-
Council Tax Freeze Grant 2014		-	1.3	1.3	-
Additional NNDR		-	1.5	2.3	4.3
Total adjustments		1.3	8.6	3.6	182.3
Revised MTFP 2014 / 15		185.1	186.8	181.6	182.3

Next steps for Budget and MTFP

- Identify any further areas for savings and efficiencies required to balance the Budget 2014/15 and establish a credible MTFP
- 22 October presentation to Corporate Services O&S Committee (all Members invited)
- 10 December Draft Budget report to Executive
- Scrutiny of Draft Budget proposals 21 – 28 January 2014
- 4 February Final Budget to Executive
- 20 February Council approves Budget and MTFP

Questions?