

## **Meeting of the Council – 2<sup>nd</sup> December, 2013**

### **Report of the Cabinet**

#### **Revenue Budget Strategy 2014/15**

##### **Purpose of Report**

1. To consider decisions required in connection with the Revenue Budget Strategy for 2014/15 and Medium Term Financial Strategy (MTFS) 2015/16 – 2016/17.

##### **Background**

2. Reports were submitted to the Cabinet on 30<sup>th</sup> October, 2013 concerning the Revenue Budget Strategy for 2014/15 and Staffing Issues relating to budget savings. A number of issues arising from these reports now need to be considered by the Council. The full reports are available on the Internet via the Committee Management Information System or on request from Members to Democratic Services (Tel: 01384 815236).

##### **Forecast 2013/14 Position**

3. When the proposed Revenue Budget Strategy for 2013/14 was considered by the Cabinet on 30<sup>th</sup> October 2013, the following issues relating to the 2013/14 budget were noted and recommendations made:

##### **Treasury variances**

4. The latest monitoring indicates favourable Treasury variances amounting to £1.5m resulting from better than expected cashflows.

##### **Looked After Children**

5. The outturn report to the Cabinet in June 2013 highlighted a risk of an overspend arising from numbers of Looked After Children being higher than those allowed for in the budget. As at August 2013, there were 757 Looked After Children as against 737 allowed for in the budget.
6. The increase is primarily among high cost external residential and independent fostering agency placements. Whereas in previous years it has been possible to manage the costs of Looked After Children by holding back expenditure in other parts of the Directorate of Children's Services, the impact of reducing budgets means that this is no longer possible.

7. Furthermore, the rising demand for services from social care has led to pressures on children's social care workloads. In order to ensure that social workers have manageable workloads and are able to progress cases in a timely manner including responding to externally imposed deadlines from the courts, it has been necessary to allocate additional resources to children's social work services and independent reviewing officers.
8. Taken together, these factors have led to a projected overspend for the Directorate of Children's Services of £3m. A report on a diagnostic exercise on looked after children and presenting any proposals that arise from it will be submitted to the Cabinet in February but, in the meantime, it is considered prudent to assume that numbers of Looked After Children will remain at their current levels.
9. The Cabinet recommended the Council to amend the current year's budget to reflect the above variances and that future year forecasts be amended accordingly.

#### Revenue Budget Strategy for 2014/15 and Medium Term Financial Strategy from 2014/15 to 2015/16

10. The Cabinet approved as a preliminary basis for consultation, including with scrutiny committees, the revenue budget strategy to be adopted for 2014/15 and the Medium Term Financial Strategy from 2015/16 to 2016/17, having regard to government funding and base budget and other forecasts, spending pressures and proposed savings and the estimates, assumptions and risk analysis on which the proposals were based.
11. The Cabinet also authorised the Chief Executive and Directors in consultation with the Leader, Deputy Leader and relevant Cabinet Members to examine options set out in the report submitted to the Cabinet meeting to ensure that the Council can properly manage its financial affairs over the life of the Medium Term Financial Strategy and ensure that resources are available to deal with new spending pressures and other unforeseen eventualities. The various issues and risks that will need to be taken into account in finalising the budget proposals and the Medium Term Financial Strategy were noted by the Cabinet.

#### Staffing Issues

12. The Cabinet, at its meeting on 30<sup>th</sup> October, 2013 also considered a report on Staffing Issues relating to budget savings, and approved:
  - The outline timetable for the next round of employee related budget savings.
  - A voluntary redundancy programme related to services where savings are identified, rather than a Council wide "expressions of interest" process.
  - That the Director of Corporate Resources, in consultation with the Cabinet Member for Human Resources (HR), Legal and Property, be authorised to determine all applications for voluntary redundancy including those where there are pension implications, and that the Assistant Director of Corporate Resources (HR and Organisational Development), in consultation with the Cabinet Member for HR, Legal and Property, be authorised to determine all applications for compulsory redundancy, including those where there are pension implications, up to a total maximum of £3m for direct redundancy costs and £1.5m for the capitalised cost of pension strain.

13. It is proposed that the Council endorses this strategy.

### **Finance**

14. This report is financial in nature and relevant information is contained within the body of the report.

### **Law**

15. The Council's budget setting process is governed by the Local Government Finance Acts 1988 and 1992 and the Local Government Act 2003.
16. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves and this will be included in the final budget report.
17. The Localism Act 2011 introduced a new chapter into the Local Government Finance Act 1992 making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.
18. The main provisions relating to the redundancy rights and payments for Local Authority employees are contained in The Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 as amended.
19. The Collective Redundancies (Amendment) Regulations 2006 concerns the duty to notify the Secretary of State of the proposal of collective redundancies. This duty has been met with the submission of the required HR1 Form.
20. Relevant employer responsibilities are contained in The Employments Rights Act 1996 and The Equality Act 2010.
21. Section 111 of the Local Government Act 1972 empowers the Council to do anything which is calculated to facilitate, or is conducive or incidental to the discharge of its functions.
22. Pension arrangements for Local Government employees are contained in the Local Government Pension Scheme Regulations 1997.

### **Equality Impact**

23. The proposals are consistent with the Council's Equality and Diversity Policy.
24. With regard to Children and Young People, there is no impact on this group other than that described in respect of looked after children.

**Recommendations**

25. That the Council:

- (a) Agrees that 2012/13 budgets be amended as set out in paragraphs 4,8 and 9.
- (b) Endorses the strategy for employee related budget savings as set out in paragraph 12.



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**Leader of the Council**