

Vibrant and Sustainable City Scrutiny Panel

6 December 2018

Report title	Draft Budget and Medium Term Financial Strategy 2019-2020	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson City Assets and Housing	
	Councillor Steve Evans City Environment	
Corporate Plan priority	Confident Capable Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon	Chief Accountant
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Report to be/has been considered by

Recommendations for decision:

The Panel is recommended to:

1. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on Draft Budget and Medium Term Financial Strategy 2019-2020.
2. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the scrutiny process on the budget.
3. Approve that the Scrutiny Panel response be finalised by the Chair and Vice Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

1.0 Purpose

- 1.1 The purpose of this report is to seek the Panel's feedback on the Draft Budget and Medium Term Financial Strategy 2019-2020 that was presented to Cabinet on 17 October 2018. In addition to this, the Panel's feedback is sought on the approach to budget consultation and feedback on the scrutiny process.

2.0 Background

- 2.1 In March 2018, the 2018-2019 Budget and Medium Term Financial Strategy (MTFS) 2018-2019 to 2019-2020 was presented to Full Council for approval. The Council was able to set a balanced budget for 2018-2019 without the use of General Fund reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £19.5 million by 2019-2020.
- 2.2 An update on the high-level strategy to address the projected budget challenge of £19.5 million for 2019-2020 was presented to Cabinet on 11 July 2018. At that point, various opportunities including: one-off funding streams, council tax income, the realisation of benefits from existing strategies and directorate budget reduction targets resulted in the identification of £16.2 million towards the projected budget deficit. Cabinet approved the incorporation of the high-level strategy into the Draft Budget and Medium Term Financial Strategy 2019-2020. Taking this into account, the remaining budget challenge to be identified for 2019-2020 stood at £3.3 million.
- 2.3 Cabinet were provided with a further update in October 2018 which detailed the progress in identifying additional budget efficiencies, budget reduction and income generation opportunities towards directorate budget reduction targets that were incorporated into the high-level strategy. After taking into account progress against directorate budget reduction targets and emerging pressures, the Council projected that the remaining budget deficit for 2019-2020 was in the region of £6.0 million.
- 2.4 Over the medium term, the Council's resources will continue to be aligned to enable the realisation of the Council's core objectives. However, the high-level budget strategy for 2019-2020 will remain focused on achieving continuous improvement whilst delivering further efficiencies. The strategy will include: exploring alternative business models, a targeted approach to service provision and a risk based approach to budget allocations. The strategy is also to continue to support the independence of individuals and communities, maximising external income, identifying opportunities for further commercialisation and reviewing demand management, which has proved to be an effective approach to identifying deliverable budget reductions.
- 2.5 The Draft Budget and Medium Term Financial Strategy 2019-2020, attached at Appendix 1, will be considered by Scrutiny Panels during the November/December round of meetings and the feedback from those meetings will be reported to Scrutiny Board on 11 December 2018, which will consolidate that feedback in a formal response to Cabinet on 23 January 2019. The feedback provided to Scrutiny Board will include questions asked by Panel members, alongside the responses received. Cabinet will take into account the

feedback from Scrutiny Board when considering the final budget setting report in February 2019, for approval by Full Council in March 2019.

3.0 Scrutiny Process

3.1 Recognising the scale of the budget challenge faced by the Council, it is acknowledged that certain processes need to be refreshed in order to ensure a long-term approach to medium term financial planning and the pace of delivery of proposals.

3.2 The Panel's view is therefore sought to identify the most appropriate, transparent and informative form of scrutiny of the budget setting process.

4.0 Panel Recommendations

4.1 The Panel are recommended to provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on:

- the Draft Budget and Medium Term Financial Strategy 2019-2020;
- the Scrutiny budget process;
- any other comments.

4.2 The Panel are also recommended to approve that the Scrutiny Panel response be finalised by the Chair and the Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

5.0 Financial implications

5.1 The financial implications are discussed in the body of the report, and in the report to Cabinet.
[MH/06112018/G]

6.0 Legal implications

6.1 The legal implications are discussed in the report to Cabinet.
[TS/06112018/Q]

7.0 Equalities implications

7.1 The equalities implications are discussed in the report to Cabinet.

8.0 Environmental implications

8.1 The environmental implications are discussed in the report to Cabinet.

9.0 Human resources implications

9.1 The human resources implications are discussed in the report to Cabinet.

10.0 Corporate landlord implications

10.1 The Corporate Landlord implications are discussed in the report to Cabinet.

11.0 Schedule of background papers

Draft Budget and Medium Term Financial Strategy 2019-2020, report to Cabinet, 17 October 2018.

Draft Budget and Medium Term Financial Strategy 2019-2020, report to Cabinet, 11 July 2018.

2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Full Council, 7 March 2018