

BUSINESS PLAN AND FINANCIAL STRATEGY – 2014/15 TO 2023/24

Responsible Officer Clive Wright

e-mail: clive.wright@shropshire.gov.uk

Tel: (01743) 252007

1 Summary

The Council is currently drawing up a draft Business Plan and Financial Strategy for the period 2014/15 to 2016/17. This document will be a live document, refreshed throughout the year and reported to Cabinet for decision whenever necessary.

The document will encompass the Council's Medium Term Financial Plan over the period and will be the basis for Scrutiny of budget proposals and the basis by which the Council's budget will be put together in future years.

The Council faces considerable financial challenges over the medium term with an assessment of the difference between costs and resources over the following three years of £80m.

The Draft Business Plan and Financial Strategy identifies the high level proposals by which this funding gap can be addressed. It is proposed that Cabinet on 11 December will be provided with greater detail on these proposals following review and consideration by Scrutiny Committee in late November.

Recommendations

It is recommended that members:

- A. Recognise the projected funding gap over the period 2014/15 to 2016/17 of £80m, £41.5m falling in 2014/15.
- B. Note the Draft Business Plan and Financial Strategy attached at Appendix 1 and agree the proposals for setting the Council's budget for the three years 2014/15 to 2016/17.
- C. Agree the basis and amount of council tax support grant to be allocated to Town and Parish Council's for 2014/15 council tax reduction scheme as £0.581m.

REPORT

2 Risk Assessment and Opportunities Appraisal

- 2.1 The development and delivery of the Council's Business Plan and Financial Strategy for the next three years is the key process in managing many of the Council's strategic risks. The opportunities and risks arising are assessed each time the document is refreshed for Cabinet consideration. The Council's Strategic

Risks are reported separately, but the Business Plan and Financial Strategy makes specific reference to the significant financial uncertainty across Local Government in the Medium Term.

3 Financial Implications

- 3.1 The Council's financial strategy identifies the financial implications of the overall strategic direction of the authority.
- 3.2 The resource projections are based on the 2014/15 provisional Local Government Finance Settlement, subsequent information detailed in the March Budget Statement, the Spending Review 2013 and the CLG summer consultation on 2014/15 and 2015/16 budgets. The Council's own estimate of locally retained Business Rates is used.
- 3.3 The expenditure projections take account of known services changes and pressures including legislative changes.
- 3.4 All projections will be continually reassessed as information becomes available and national and local circumstances change from those modelled within the Strategy.
- 3.5 The current predictions on the level of general reserves are based upon the latest projections for 2013/14 spending which are summarised within this report.
- 3.6 The financial impact of any transfer of services, for example to ip&e, will be identified as part of the service transfer reports and will be included in the financial strategy. The assumptions in the financial strategy are that the resources required by the council to purchase services from ip&e will initially remain within existing budgets and will then reduce in line with the Council's reduction in net resources.

4 Business Plan and Financial Strategy

- 4.1 The Council's Draft Business Plan and Financial Strategy is attached at Appendix 1 to this report. This document will continue to be updated and refreshed in the coming months and years.
- 4.2 The Performance and Strategy Scrutiny Committee will initially consider the proposals identified in the Draft Business Plan and Financial Strategy on 27 November as part of the consultation by Scrutiny on the Budget proposals.
- 4.3 The final budget for 2014/15 will not be set by the Council until February 2014. The Draft Business Plan and Financial Strategy will inform this process and as further detail is developed around specific proposals being put together, these may be agreed by Cabinet or by Member Decision Sessions in the intervening period.
- 4.4 The Draft Business Plan and Financial Strategy has identified a funding gap of £80m over the next three financial years. Details of the basis in deriving this figure are set out in the document. The Business Plan sets out the work being

done to change the way in which the Council will work in the future and identifies the initial, high level proposals to bridge the funding gap, with current proposals identified to the value of £81.1m.

4.5 The phasing of savings required to balance the budget is as follows:

- 2014/15 £41.5m
- 2015/16 £20.1m
- 2016/17 £18.4m

4.6 Further work will need to be undertaken over the following months to ensure that the savings proposals and budget requirements align to allow the Council to set a legal and balanced budget for 2014/15 by 1 April 2014.

4.7 Changes continue to be made to the way in which Councils are funded through intervention by Central Government, and the implementation of Localised Council Tax Support in 2013/14 has had implications on Council funding and local Town and Parish Councils also.

4.8 The Council's funding from Central Government includes an amount to compensate the Council for the Council Tax reduction scheme introduced from 1 April 2013. In 2013/14, £0.648m of this was then passed on to Town and Parish Councils. In 2014/15, it is recommended that an amount is again provided to Town and Parish Councils. It is recommended that the total in 2014/15 to be allocated is equivalent to the 2013/14 figure reduced by the same proportion as the Council's total government funding has reduced by. This is a reduction of 10.4% and will reduce the amount allocated from £0.648m to £0.581m. Adopting this model for future years, the estimated changes over the medium term financial plan are as follows:

Year	2013/14	2014/15	2015/16	2016/17
Change (Year on Year)	£648,000	-10.4%	-13.2%	-12.1%

5 Public Consultation 2013

5.1 Join the Conversation 2013 took place during the week of 16 September, with four public meetings held in Oswestry, Craven Arms, Bridgnorth and Shrewsbury. The events were open to the public, and local people were given the chance to submit questions in advance with emphasis being placed on the financial challenge faced by the public sector. Representatives from West Mercia Police, the Clinical Commissioning Group and Shropshire Fire and Rescue were in attendance, in addition to Keith Barrow and Clive Wright from Shropshire Council.

5.2 Members of the public posed questions to all members of the panel, with maintaining good public services being the primary concern. Having initially made savings in other ways, all services are now tackling the more difficult issue of reducing the workforce to save money. The panel stressed that every effort is

being made to do things differently, with less bureaucracy, and the same or a better outcome for a lesser cost.

- 5.3 Other common themes included questions on locality commissioning, partnerships and the future of ip&e Ltd.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy 2013/14 to 2022/23 – Cabinet 24 July 2013

Cabinet Member (Portfolio Holder)

Keith Barrow – Leader

Local Member

All

Appendices

Appendix 1 Shropshire Council Draft Business Plan and Financial Strategy