



Committee and date

Council

15<sup>th</sup> December 2016

Item

**11**

## REPORT OF THE PORTFOLIO HOLDER FOR STRATEGY, BUDGET AND BUSINESS PLAN

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### 1.0 Introduction

- 1.1 This document identifies some of the work undertaken within the Leader's Portfolio and details some of the aims and objectives for the future.

### 2.0 Corporate Plan

- 2.1 Since the beginning of the Financial Year we have developed a Corporate Plan which sets out our key priorities and how we believe we will achieve these. The Performance Management Scrutiny Committee has reviewed the plan through a Task and Finish Group and a number of suggestions have now been incorporated within the latest draft of the plan. The draft plan also includes Strategic Action Plans which set out how our key outcomes will be delivered.
- 2.2 Alongside the Corporate Plan we have developed a new performance management framework to monitor our progress and enable challenge of our delivery plans. We also regularly review our Strategic Risks and are continuing to develop our assurance framework across the Council to ensure our plans for the future are robust and appropriate.
- 2.3 Some of the key development opportunities for the Council are reflected in the strategies set out within the Corporate Plan. The further development of these strategic approaches will be considered within the Economic Growth Strategy and will form the underlying basis for the Council's future Financial Strategy. An example of this developing thinking includes the consideration of investment opportunities and using our borrowing powers, where an appropriate return can be realised for an acceptable level of risk. The Council can play a much greater role in the creation of the growth needed to make our County sustainable. This approach will also help to deliver a financially sustainable Council, working alongside our partners across the public and private sectors.

2.4 Shropshire does have a strong and diverse economy and we intend to use and build on this. We are working to strengthen our existing core businesses across Shropshire including agriculture, food and drink production. We will also continue to create, support and grow small and medium enterprises, for which Shropshire is known to be particularly successful. We are also looking for new and appropriate growth in larger businesses which will help create new jobs, retain and attract young people and help to make our County more sustainable. We will continue to work with The University Centre Shropshire who will be a key contributor to this in the future.

### **3.0 Budget and Financial Strategy**

3.1 We have reviewed the Financial Strategy over the last twelve months and the latest iteration is considered by Council today. The latest Financial Strategy accepts that we need time to plan for the significant changes the Council needs to make alongside a backdrop of increased and unprecedented uncertainty within Local Government Finance.

3.2 In the future we will need to generate significant income as government funding continues to diminish. At the same time the budget needs to be balanced as our costs increase, despite our continuing approach to delivering further efficiencies within everything we do.

3.3 A model to consider growth in our costs over the next three years has been created and demonstrates that the Council cannot afford to fund the growth in our services, based on demand and demographic changes, when compared to the resources that are expected to be available. The level of growth in the budget necessary for reflect growth in Adult Social Care alone was in the order of £15m in 2016/17 and growth of £8m to £10m is expected every year thereafter. This despite national statistics suggesting that our costs per head are amongst the lowest in the Country. A series of savings proposals in other areas of the Council were put forward to enable this level of growth to be redirected to Adult Social Care, but the resultant impact on other statutory and discretionary services would be unachievable. As a result, a funding gap was identified and this has been reported to Council throughout the year alongside the actions we intend to take.

3.4 We have a legal obligation to deliver statutory services such as Adult Social Care, and we also have a statutory duty to set a legal budget. As a result, the Financial Strategy attempts to accurately reflect the level of spend we are due to undertake in future years reflecting the services we believe we have a duty to deliver. To produce a balanced budget, the gap between this estimated level of spend and our estimated level of resources has been bridged by the use of one-off funds. The outcome (regardless of how it is described within the budget process) is that the growth in Adult Social Care and the costs of other statutory responsibilities of this

council are not affordable under the current funding model. This Financial Strategy sets out the planning in the short and medium term to address this.

#### 4.0 Finance, Governance and Assurance Team

4.1 The Finance, Governance and Assurance Team delivers many of the services that fall within this Portfolio. The Team continues to review service provision to ensure delivery is meeting clients' needs both internally and externally. Work continues to improve efficiency where possible, to explore the proposals for increased income generation and opportunities to work more closely with other bodies.

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| <b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b><br>Financial Strategy Reports throughout 2016<br>Corporate Plan |
| <b>Cabinet Member (Portfolio Holder)</b><br>Malcolm Pate  |
| <b>Local Member</b><br>All  |
| <b>Appendices</b><br>None.  |