



Committee and date

Council

14 December 2017

10.00am

## **REPORT OF THE PORTFOLIO HOLDER FOR FINANCE**

Contact: David Minnery  
Email: David.minnery@shropshire.gov.uk

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### **1.0 Introduction**

- 1.1 This document identifies some of the work undertaken within the Finance Portfolio since May 2017 and details some of the aims and objectives for the future.

### **2.0 Financial Strategy**

- 2.1 The work of this portfolio is dominated by the need to develop a financial strategy for the Council that balances the limited resources we have available with the many services the people of Shropshire value and use on a daily basis.
- 2.2 In the summer, following considerable work, a refresh of the Council's budget model was completed. This model covered the detailed and high cost, highly volatile areas of the budget such as Adult and Children's Services as well as more discretionary areas that have seen inflationary growth in costs as well as changeable levels of demand. The growth model went on to inform the Council's financial position and when placed alongside available resources confirmed a significant and growing funding gap.
- 2.3 As a Council it is pleasing to report that based on national statistics we deliver some of the lowest cost services per head of population. This includes the costs of Adult Social Care (our highest cost area) and Resources and Support costs (services that enable the Council to function). It is frustrating that despite our low costs and high performance, national funding does not reflect the demand placed on our services, now and into the future. Adult Services is projected to grow by at least £8m per year, yet we cannot raise the funds locally to pay for this growth.
- 2.4 In October revised financial position was reported to Cabinet and work to address the funding gap began in earnest. The approach accepted 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.

Cabinet Members and officers have worked closely since October to establish an approach to deliver a balanced budget and then to identify proposals within this approach which will ultimately go before Council for approval in February 2018. The approach looks to deliver innovation and increased efficiency and to maximise income generation before ultimately considering service cuts.

- 2.5 The Performance Management Scrutiny Committee have been involved in the process from the beginning and will have opportunity to feed into the budget process before Council meets to set the 218/19 Budget in February.

### **3.0 Financial Oversight**

- 3.1 Over the financial year it is important to ensure that an oversight of the Council's financial position is reported through to Cabinet. This is delivered by financial monitoring reports covering the revenue account, the capital programme and the cash position via treasury management updates.

- 3.2 The capital programme is being delivered and extended through a substantial number of additional, commercially focused schemes linked to the Financial Strategy. Details of these schemes will be reported over the coming months and progress monitored through quarterly reporting. One area gathering significant momentum over the coming months is the delivery of the Digital Transformation Programme. This programme is a major investment for the Council and it is pleasing that progress is being made well within the identified budget with the potential to deliver savings through increased efficiency running into the many millions.

- 3.3 The Treasury Management approach adopted by the Council continues to deliver above benchmark returns, providing additional much needed cash without undertaking unnecessary risk on the capital employed.

- 3.4 The Council's in-year revenue position is under strain as a result of pressures particularly within the Children's services Directorate. We are working across the Council to deliver a spending freeze alongside other initiatives to bring the projected overspend into balance before the end of the year.

### **4.0 Services within the Portfolio**

- 4.1 A number of initiatives have been or are being implemented by services directly within the Finance Portfolio.

- 4.2 Following the securing of a government grant worth £1.308m in 2017/18 a local discretionary business scheme has been created and this funding allocated to almost 1,000 business across Shropshire. These funds will help businesses cover the transitional costs of business rates revaluation from April 2017 and is an important boost to Shropshire's business economy.

- 4.3 The Council’s Council Tax Support Scheme has also been reviewed to bring it into line with the majority of Councils across the country. The scheme has been scrutinised in depth by the Performance Management Scrutiny Committee. Implementation of the scheme will deliver up to an additional £1.2m per year, achieved by more of Shropshire’s population making a contribution though Council Tax, which will help prevent future cuts in some of our much-valued services.
- 4.4 In other areas of the Portfolio there are plans in place to deliver further efficiencies on top of the aforementioned Digital Transformation Programme, to review further policies within Council Tax and Business Rates and to increase returns from Treasury Management. All these proposals are identified within the Financial Strategy, together providing £2.5m of savings year on year, the equivalent of 2% Council Tax.

<p><b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b></p> <p>Financial Strategy 2018/19 to 2020/21 – Cabinet 18 October 2017</p> <p>Financial Strategy 2018/19 to 2022/23 – Cabinet 13 December 2017</p> <p>Financial Monitoring Report Quarter 1 2017/18 – Cabinet 6 September 2017</p> <p>Financial Monitoring Report Quarter 2 2017/18 – Cabinet 15 November 2017</p> <p>Treasury Management Update Quarter 1 2017/18 – Cabinet 6 September 2017</p> <p>Treasury Management Update Quarter 2 2017/18 – Cabinet 6 December 2017</p> <p>New Business Rate Discretionary Relief Scheme 2017/18 – Cabinet 6 September 2017</p> <p>Shropshire Council - Council Tax Support Scheme 2018/19 – Cabinet 18 October 2017</p>
<p><b>Cabinet Member (Portfolio Holder)</b> David Minnery</p>
<p><b>Local Member</b> All</p>
<p><b>Appendices</b> None.</p>