

Cabinet - 6 November 2014

Report of the County Treasurer

Part I - Item No.

Electoral Division affected: All

Money Matters - The Financial Strategy for 2015/16 to 2017/18 (Appendix 'A' refers)

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Executive Summary

Over the period 2014/2018 the Council is facing the huge challenge of reducing its costs by £300m as a result of the government's austerity measures. To put it in context, since austerity bit in 2010, the Council will have taken half a billion pounds out of its revenue costs– with the consequent impact on services, staff, communities and the economy.

When the Council set the revenue budget for 2014/15, it looked ahead to the level of resources available for 2017/18, and that the Council would have resources available of £664m to invest in services, compared to the 2014/15 level of £758m.

At the same time, the Council is facing increases in both costs (for example, as a result of inflation) and the level of demand for its services. In total, over the four years 2014/15 to 2017/18 the Council was facing the need to make savings of £300m.

The Council has met this challenge robustly – at the heart of this is the recognition that to be sustainable and deliver for our communities the Council will need to change. The work to deliver this further challenge began with the 2014/15 budget, and in February 2014 the Council set a balanced budget which agreed savings of £142m over the 4 years 2014/15 to 2017/18. At the time it was recognised that despite this excellent start, a further £161m of savings remained to be identified, and that this would mean very difficult decisions in relation to services.

However, since Full Council met in February 2014, the Council is facing further pressures as a result of:

- Increased demand
- Changes in the forecast of inflation
- Legacy financial issues, and
- Offset by small increase in the forecast level of resources available over the

next three years.

As a result, the level of savings over the period 2015/16 to 2017/18 has risen to £176.672m and it is clear the Council still faces a significant financial challenge. Delivering this level of saving whilst seeking to deliver effective services for our communities cannot be achieved without a radically different approach which focuses on service delivery within a budget envelope of £669m by 2017/18.

Recommendation

Cabinet is recommended to:

- (i) Note the forecast of the financial outlook for the County Council over the next three years and the increase in the level of savings required from £161m to £176m; and
- (ii) Consider any proposals for the revenue budget for 2015/16 and later years to go out for consultation following this meeting.

Background and Advice

As set out at Appendix 'A'.

Consultations

As set out at Appendix 'A'.

Implications:

As set out at Appendix 'A'.

Risk management

As set out at Appendix 'A'.

List of Background Papers

Paper	Date	Contact/Directorate/Tel
Financial Outlook papers	April - October 2014	George Graham County Treasurer's Directorate, (01772) 538102

Reason for inclusion in Part II, if appropriate

N/A