

**TO: OVERVIEW & SCRUTINY COMMISSION
21 SEPTEMBER 2017**

**UPDATE ON THE COUNCIL'S FINANCIAL POSITION
Borough Treasurer**

1 PURPOSE OF THE REPORT

- 1.1 This is an information paper and verbal presentation to provide Overview and Scrutiny with transparency of the Council's most up to date financial position in respect of the current year and the following years' budgets.

2 RECOMMENDATION

- 2.1 To receive a presentation from the Borough Treasurer on the Council's latest financial position which will be set out in the Corporate Performance Overview Report to be considered by the Executive at its meeting on 26 September.

3 REASONS FOR RECOMMENDATION

- 3.1 In September 2016 the Overview and Scrutiny Commission was invited to comment on the draft Efficiency Plan that was subsequently approved by Full Council, which set out the approach that was to be taken to deliver balanced budgets for the period to 2019/20. This report and accompanying presentation from the Borough Treasurer updates the Commission on progress to date in delivering the Efficiency Plan and considers the most up to date information regarding some of the key assumptions within it.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There is no requirement for this report to be presented to the Overview and Scrutiny Commission, however it is considered good practice to keep the Commission informed periodically of the Council-wide financial position in addition to the individual departmental financial reports which are included in the Quarterly Service Reports.

5 SUPPORTING INFORMATION

- 5.1 The Council's strategic approach to the 2017/18 – 2019/20 budgets was set out in the Efficiency Plan 2016 – 2020, approved by Council at its meeting on 14 September 2016. The 2017/18 budget was subsequently approved by Council on 1 March, which included detailed proposals in line with the agreed overarching approach and incorporated some necessary changes following the Government's amendments to the local government finance settlement. As the Efficiency Plan set out, the 2017/18 budget included a particular focus on delivery of significant savings through the Transformation Programme, together with some lower value efficiency savings.
- 5.2 In line with normal practice, progress to deliver the 2017/18 budget is monitored monthly, with individual departments reporting their best estimate of the year end

financial position to inform the Council-wide position. The departmental returns are set out regularly in Quarterly Service Reports, with the Corporate Performance Overview Report (CPOR) drawing these together with strategic performance monitoring information on a quarterly basis.

- 5.3 The currently predicted financial out-turn position is to be included in the CPOR to be considered by the Executive at its meeting on 26 September. In overall terms, departments are reporting a potential overspend of £3.7m, which can be partly mitigated by using £1.7m remaining unallocated in the Corporate Contingency. In addition, grant funding of £0.9m for Social Care was announced in the Chancellor's Budget in March as part of the Improved Better Care Fund, which has not been taken into account in these figures. The flexibility of spend on this will depend on a positive outcome from the current Care Quality Commission Area Review of Bracknell Forest.
- 5.4 The most significant factor in this position is rising demand for both Children's and Adult Social Care, which is affecting most councils across the country. Transformation programmes covering both of these services are being developed and implemented, aimed at mitigating the cost pressures through identifying different approaches to dealing with assessed need. These are complex programmes and are both at early stages, in the children's case because of the demands of the Ofsted inspection in May. What is clear is that the ability to deliver them at pace is key to balancing the current year's budget and to informing the likely level of cost pressures for future years.
- 5.5 In terms of future year planning, changes to the 2017/18 local government finance settlement reduced the level of estimated resources by 2019/20 from that assumed in the Efficiency Plan by almost £2m. It is believed that the Government is considering further changes to the New Homes Bonus for the 2018/19 settlement, which would most likely have a detrimental effect on areas like Bracknell Forest which are experiencing fast housing growth. Against that, the current finance system enables local authorities to partly benefit from growth in the local business rates collected, such as from the Lexicon development, which has been factored into the Council's income projections.
- 5.6 The Council's financial position remains challenging and the attention of CMT is firmly focused on addressing it. The in-year financial position will continue to be monitored closely over the next few months, in order that mitigating actions can be identified and implemented if necessary. In parallel, all service areas have started to work on budget options for 2018/19, covering both efficiency savings and the Transformation Programme.
- 5.7 The Borough Treasurer will give a presentation to the Commission setting out the current position and progress in addressing it in more detail.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Nothing to add to the report.

Borough Treasurer

- 6.2 Financial information is included in the report, however there are no financial implications arising directly from it.

Equalities Impact Assessment

- 6.3 There are no decisions in the report requiring an EIA.

7 STRATEGIC RISK MANAGEMENT ISSUES

- 7.1 There are no risks associated with this paper as an information report, however Risk 1 on the Council's strategic risk register highlights significant pressures on the Council's ability to balance its finances whilst maintaining satisfactory service standards.

8 CONSULTATION

- 8.1 None at this time as the report is for information only.

Background Papers

Efficiency Plan 2016 – 2020

PowerPoint Presentation from Borough Treasurer (to follow at the meeting)

Contact for further information

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