

Overview & Scrutiny Committee

22 November 2016

Budget Report

For Information

Portfolio Holder(s)

Cllr P Barrowcliff - Corporate

Senior Leadership Team Contact:

J Vaughan, Strategic Director

Report Author: J Vaughan, Strategic Director

Statutory Authority

Local Government Acts 1972, 1988, 1992 and 2003

Purpose of Report

- 1 To provide Overview and Scrutiny Committee with the opportunity to comment upon the process for the development of the budget and 2017/18 proposals.

Officer Recommendations

- 2 To provide the Executive Committee with any observations and comments on the 2017/18 budget process and proposals.

Reason for Decision

- 3 To scrutinise the 2017/18 budget.

Background and Reason Decision Needed

- 4 The financial strategy has traditionally been to focus upon the medium term rather than looking at one financial year in isolation. This approach has served the Council well and enabled it to successfully plan for the reduction in resources from central government through austerity and also adapt to the changes to the Council's funding streams.
- 5 Strategically the Council has identified 3 options going forward to address the continued difficult financial environments. They are:-
 - Plan A – Unitary Council
 - Plan B – 'Super District'
 - Plan C – Continue as a stand alone Council

- 6 The main focus of the recent work has been directed at Plan A and following the public consultation will be considered by each Council across Dorset at the end of January / early February 2017. If agreed and approved by the Secretary of State this would see the creation of new unitary councils across Dorset that would come into existence from April 2019 and would mean that this Council would no longer exist after this date.
- 7 The fall back to the creation of Unitary Councils is the formal merger of the 3 Councils that are already in partnership into one 'super' District Council. A business case for this has been drafted and this option could be implemented from April 2019.
- 8 The third option is to continue with the current arrangements and continue as a stand alone Council. Officers have developed budget options to address the predicted financial gaps if this option is taken forward.
- 9 Given this uncertainty about the future of the Council, the focus has therefore been on balancing the 2017/18 budget and treating it as a single year rather than the usual process of focusing upon the medium term. The options being put forward for 2017/18 are therefore based upon building savings already achieved from the 'Stronger Together' transformation programme, income generation, efficiencies and options requiring member decisions. Appendix 1 sets out budget options that require member decisions. There are also a number of budget options that do not impact upon service delivery and these are set out in Appendix 2. Appendix 3 provides details of options that have previously been approved and can now be included within the 2017/18 budget proposals.
- 10 There are still a number of key areas where the budget estimates for 2017/18 are still to be finalised and they include:-
 - Review of inflation factors
 - Pensions – updated for the latest revaluation
 - Dorset Waste Partnership - Budget for 2017/18 to be approved by the Joint Committee
 - Business Rates – Assessment of impact upon the council of 2017 Business Rates Revaluation
 - New Homes Bonus - Still waiting for the Governments response to consultation
- 11 The 2017/18 budget proposals were considered by Executive in September as the basis for consultation and scrutiny with the feedback from this and the updated financial forecast being reported to the Executive in December prior to the final budget being agreed by Council in February 2017.

Implications

Corporate Plan

- 12 The budget allocates the financial resources of the councils and therefore directly impacts upon the delivery of the corporate plan.

Financial

13 As set out in the report.

Equalities

14 As part of the budget setting process, the potential equalities implications of each budget option are being considered. Where appropriate, this will include consulting with key stakeholders and others to determine any potential equalities impacts and how these may be mitigated. Where there are any potential implications for staff, these will be considered through the application of the Partnership's Change Management Policy and Procedure.

Environmental

15 None directly from this report.

Economic Development

16 None directly from this report.

Risk Management (including Health & Safety)

17 The budget process should ensure that the 2017/18 budget estimates are robust. The council has general reserves to cover any unforeseen circumstances and the level of the reserves is assessed using a risk based methodology.

Human Resources

18 None directly from this report.

Consultation and Engagement

19 There has been a member briefing on the budget in September 2016 and further ones have been set up for December 2016 and February 2017. There has been various staff briefings on the budget and further ones are set up.

Appendices

Appendix 1 – Budget options requiring member approval

Appendix 2 – Budget options requiring management approval

Appendix 3 – Budget options already approved

Background Papers

Budget Report February 2016

Budget Update September 2016

Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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