

<b>SUBJECT:</b>	<b>Budget and Medium Term Financial Strategy</b>
<b>REPORT OF:</b>	<b>Leader of the Council</b>

## 1. Purpose of Report

- 1.1. The report provides members with an initial review of the Council's Medium Term Financial Strategy (MTFS) together with an outline of the budget process for 2015/16.

## 2. Links to Council Policies & Plans

- 2.1 The Council's code of corporate governance highlights the importance of having in place clearly documented processes for policy development, review and implementation, decision making, and monitoring and control. Following from this is the requirement for sound financial management, being able to demonstrate resources are aligned to the corporate priorities of the Council, and that any material risks are assessed. The prudent use of resources is one of the authority's management principles and having a medium term financial strategy is a key element in demonstrating this principle.

## 3. Information

- 3.1 This report sets out to provide the background and context to the budget process for 2015/16 that essentially is now starting. The budget and consequential council tax set are the final outcomes of a process that will run until next February and will involve consideration of the issues facing the Council in 2015/16, but also as importantly the medium term position to 2017/18 and beyond which is then reflected in the Medium Term Financial Strategy.
- 3.2 The report has a number of sections:
- Key Issues
  - Strategic risks
  - Budget Process for 2015/16

### Key Issues

- 3.3 There are a number of other issues that will influence the Council's budgets in future years.
- 3.4 The most significant issue affecting the Council's finances in the medium term is the continued reduction in funding from Central Government. It is known that funding will continue to reduce until 2016/17 at the earliest. Whether this to some degree is offset by additional income arising from major developments in the District in the next two or three years is uncertain at this stage.
- 3.5 Waste and recycling services are a significant element of the Council's expenditure and therefore the cost of new collection and recycling options open to residents, and the cost relationship with Bucks CC in respect of disposal and recycling costs can have a material impact on the financial position.

- 3.6 The state of the local economy has an impact on the Council's finances in a number of ways. The level of activity in the local construction sector will influence the level of planning and building control fees.
- 3.7 The employment market will impact on the number of claimants for benefits and housing support. These services are also affected by Government changes related to welfare reform, in terms of financial support provided and also the way in which services are accessed (i.e. the move to Universal Credit).
- 3.11 Finally the progress of joint working between Chiltern and South Bucks is an important element of both Councils' strategies for dealing with reduced Government funding.
- 3.12 These issues all will influence the Medium Term Financial Strategy that will emerge from the coming budget process. The current Medium Term Financial Strategy is appended for information (Appendix A).

### Strategic Risks

- 3.12 In framing the budget strategy it is important to be aware of the key strategic risks facing the authority, and these are set out in Appendix B.

### Summary

- 3.13 The reduction in Government funding in the coming years will continue to be a significant factor in shaping the Council's budgets for the next two to three years.
- 3.14 In addition to the Spending Review there are a number of significant issues that will impact on the budget, especially in the area of waste and recycling services.
- 3.15 There will be a need to identify ways to reduce net expenditure, and whilst the joint working with Chiltern will be an important aspect, other options will also need to be explored, and the main income streams reviewed.

## 4. Resource and Wider Policy Implications

- 4.1 The key dates in the budget process for 2015/16 are as follows.

Cabinet advised of outturn for 2013/14 and the major issues that will influence the MTFS	15 <sup>th</sup> July 2014
Preparation of Draft Budget	August - November
Cabinet considers updated financial information and draft 2015/16 budget.	25 <sup>th</sup> November 2014
Portfolio Holders consider draft budgets for 2015/16 with their PAGs.	November - December 2014
Resources PAG considers Treasury Management Strategy for 2015/16	11 <sup>th</sup> December 2014
Expected Provisional Finance Settlement	w/c 15 <sup>th</sup> December 2014
O&S Cmm considers Cabinet's draft budget and the key financial issues in the budget for 2015/16.	26 <sup>th</sup> January 2015

Cabinet makes final recommendations on budget and council tax to Council	9 <sup>th</sup> February 2015
Council sets council tax for 2015/16	24 <sup>th</sup> February 2015

- 4.2 The current main financial risk facing the Council for 2015/16 and beyond is the impact of reduction in funding from central government, and how to respond to the reduction and manage the consequential changes and impacts.

**5. Recommendation**

The Cabinet is recommended to note the report

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<b>Background Papers:</b>	<b>None</b>