

CLACKMANNANSHIRE COUNCIL

Report to Council

Date of Meeting: 16th May, 2013

Subject: Budget Strategy Update

Report by: Director of Finance and Corporate Services

1.0 Purpose

- 1.1. The purpose of this report is to maintain Council's regular update on the medium term financial outlook and provide further details on the Business Improvement Programme, '*Making Clackmannanshire Better*'.

2.0 Recommendations

It is recommended that Council:

- 2.1 Notes the challenging financial outlook that faces the Scottish Public Sector over the coming years (section 3),
- 2.2 Notes and endorses the Steering Group nominations submitted by the Administration and the main Opposition (paragraph 4.2)
- 2.3 Selects the remaining elected member representative from the two elected member nominations received (paragraph 4.2)
- 2.4 Notes the planned date for the first Steering Group meeting on the 24 May (paragraph 4.2)
- 2.5 Notes the progress made in setting up and developing *Making Clackmannanshire Better* (paragraph 4.3).
- 2.6 Notes the intention to present *Making Clackmannanshire Better* to the Alliance meeting on 7 June (paragraph 4.5).

3.0 Financial outlook

- 3.1. Council has received regular updates on the medium term financial outlook in its regular Budget Strategy Update reports. The most recent update is based on the Improvement Service's analysis of the March 2013 UK Budget announcement and Centre for Public Policy for Regions (CPPR) Briefing for March 2013.
- 3.2 The economic forecast from the Office of Budget responsibility (OBR) underpins the

UK Budget and is downgraded from the Autumn Statement. This analysis indicates that the forecast for UK economic growth across the period 2012-16 has been reduced by 4.1% since the March 2012 UK Budget announcement.

- 3.3 CPPR also highlights varying trends and projections depending which measures of inflation are used. This is significant for budgeting purposes as depending which measures are used the costs of services may rise more quickly than the income received for the services delivered, for instance either through benefits or tenants and customer fees and income. This will need to be kept under review as unanticipated pressures could arise from this position.
- 3.4 The March 2013 UK Budget announcement also indicated a subtle shift in strategy from the last spending review where capital spend experienced more significant reductions and revenue spend was relatively protected. The latest budget indicates less marked reductions in capital when compared with revenue expenditure.
- 3.5 The further UK reductions in funding announced in the March Budget will need to be absorbed by the public sector too. In Scotland, the Scottish Government's Resource budget has been reduced by £103.5m over the next two years, £54.8m in 2013/14 and £48.7m in 2014/15. At this stage, it appears that there is no intention to revisit the current local government settlement figures for 2013/14, whilst early negotiations between COSLA and the Scottish Government are just commencing for 2014/15.
- 3.6 Two UK spending reviews will take place by 2015, one in June 2013 and a second in 2015. The current Scottish spending review reflects many of the UK Government's commitments, including protecting health and social care and school expenditure. On this basis, the Improvement Service concludes that the position through to 2015/16 is unlikely to worsen significantly from previously reported planning assumptions, i.e. close to flat cash terms, and a 2-3% reduction in real terms. The outlook post 2015/16 is, however, less certain and will not be known until the next spending review. The Scottish Government will presumably also intend to review the impact of the June 2013 Spending review before it confirms the impact on 2014/15.
- 3.7 The extent to which the Council's planning assumptions are accurate will, as previously reported, depend on the extent to which the local government share of the Scottish Budget is maintained; the nature of the pay strategy over the period and the pattern of demand for services as a consequence of demographic and welfare reform pressures for instance. The latter has the potential to be a significant factor as the reforms establish and there is greater certainty about the impact.
- 3.8 Work is currently in hand to take forward the next round of budget challenge meetings with services. As usual a standard template has been issued to facilitate the process. A strong focus of this round of challenge is on consolidation and review of previous activity and proposals. This can then be integrated with the Making Clackmannanshire Better programme of activity as appropriate.
- 3.9 Officers are also in the process of preparing the Annual Financial Statements. As part of this process the Council will report its outturn position for 2012/13 and the impact that this has on Council reserves. This will be an important factor in allowing the Council to manage the transition to establish the corporate programme of improvement activity facilitated by *Making Clackmannanshire Better*. It also recognises the need to establish a corporate programme of activity over a number of years to

reduce expenditure to a sustainable level for the future.

4.0 Making Clackmannanshire Better

4.1 The last update report to Council set out the rationale and principles for *Making Clackmannanshire Better*. The report highlighted the importance of establishing a robust framework within which the programme of activity can be governed and the need for clear and effective communication. Council approved the following governance framework:

- **a member officer Steering Group** with six elected member representatives based on political balance of three Administration members, two Main Opposition members and one other elected member. It is proposed that substitutes are permissible. Officer representation will be the Chief Executive, Director of Services to Communities and Director of Finance and Corporate Services.
- **a Strategic Programme Board** comprising the Chief Executive, Director of Services to Communities and Director of Finance and Corporate Services.
- **an Organisational Change Group** comprising key staff, Trade Union and Communications Team representation. (*This group has already been established*).

4.2 Following Council approval nominations were sought for the six elected member representatives for the Steering Group. The following nominations were received:

- Administration representatives: Councillor Womersley, Councillor Sharp and Councillor Hamilton
- Main Opposition representatives: Councillor Cadenhead and Councillor Stalker.
- One further elected Member representative: two nominations were received for this single position: Councillor Campbell and Councillor Drummond.

In advance of Council finalising the position today, a provisional meeting invitation has been issued to all elected members who submitted a nomination in order to minimise any delays in establishing the Programme. The first meeting of the Steering Group is therefore scheduled for the 24th May. Council, however, needs to determine who will take up the final position.

4.3 Establishing such a significant Programme of activity takes time. Therefore, since the last report to Council, officers have taken forward work in a number of areas to initiate the Programme and start the Tullibody Pilot process. Key activities have included:

- The development of a draft Programme Overview: this document seeks to summarise and define the Framework and rationale for *Making Clackmannanshire Better*.
- preparation of draft remits for the Steering Group, Programme Board and Organisational Change Group;

- develop detail on the 'customer journey, experience and interventions
- the messaging and communications themes to launch and embed the Programme both within the Council and with our partners and stakeholders
- initial contact with Tullibody, Cambus and Glenochil Community Council to discuss the pilot
- development of draft aims for the Tullibody Pilot
- development of a proposal for the Tullibody Pilot Stakeholder Group
- collation of existing data on service delivery and assets in the Tullibody area.

4.4 It is intended that key elements of this work will be submitted to the May Steering Group and the following Programme Board and OC Group meetings. This will allow the Tullibody Pilot to be set up prior to recess in order that engagement and work with the community representatives and partners can be underway by the summer.

4.5 In order to properly engage with partners, it is intended that a presentation followed by a facilitated discussion will take place at the scheduled Alliance meeting on 7th June.

5.0 Conclusions

5.1 There is no real change to reflect with regards the previously reported financial outlook. The post 2015/16 position is most challenging as it is difficult to assess the extent to which a new spending review will impact local government in Scotland. This position is also impacted by the scheduled Referendum in 2014.

5.2 Much work has been started to establish the Programme of activity and the Tullibody Pilot. However much requires still to be done to establish and commence the proposed activity in earnest. The approval of the final elected member representatives for the Steering Group will be a significant milestone, providing the opportunity to discuss work progressed to date.

6.0 Sustainability Implications

6.1. The Council's budget and its approval will allow services to deliver against sustainable outcomes.

7.0 Resource Implications

7.1. *Financial Details*

7.2. **The financial implications of planned activity have yet to be assessed once the project governance is established and specific resource requirements identified and resourced.**

7.3. Finance have been consulted and have agreed the financial implications as set out in the report. **Yes**

7.4. *Staffing*

as above

8.0 Exempt Reports

8.1. Is this report exempt? **No**

9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) Our Priorities

The area has a positive image and attracts people and businesses
Our communities are more cohesive and inclusive
People are better skilled, trained and ready for learning and employment
Our communities are safer
Vulnerable people and families are supported
Substance misuse and its effects are reduced
Health is improving and health inequalities are reducing
The environment is protected and enhanced for all
The Council is effective, efficient and recognised for excellence

(2) Council Policies (Please detail)

Financial Regulations

Scheme of Delegation

10.0 Equalities Impact

10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? **Yes**

11.0 Legality

11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. **Yes**

12.0 Appendices

12.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

13.0 Background Papers

13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nikki Bridle	Director, Finance and Corporate	01259 452373

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance and Corporate Services	Signed: N Bridle
Elaine McPherson	Chief Executive	Signed: E McPherson