

EXECUTIVE BOARD – 17 DECEMBER 2013

Subject:	Draft Medium Term Financial Plan (MTFP) 2014/15 - 2016/17		
Corporate Director(s)/ Director(s):	Carole Mills, Deputy Chief Executive/Corporate Director for Resources and Chief Finance Officer		
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Tony Kirkham, Director of Strategic Finance 0115 8764157 * tony.kirkham@nottinghamcity.gov.uk		
Key Decision	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Reasons: Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings <input type="checkbox"/> of £1,000,000 or more taking account of the overall impact of the decision	Revenue <input checked="" type="checkbox"/>		Capital <input type="checkbox"/>
Significant in terms of its effects on communities living or working in an area consisting of two or more wards in the City	<input checked="" type="checkbox"/> Yes		No <input type="checkbox"/>
Subject to call-in <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Total value of the decision: Nil		
Relevant Council Plan Strategic Priority:	Wards affected: All		
World Class Nottingham	<input checked="" type="checkbox"/>		
Work in Nottingham	<input checked="" type="checkbox"/>		
Safer Nottingham	<input checked="" type="checkbox"/>		
Neighbourhood Nottingham	<input checked="" type="checkbox"/>	Date of consultation with Portfolio Holder(s):	
Family Nottingham	<input checked="" type="checkbox"/>	Throughout the budget process	
Healthy Nottingham	<input checked="" type="checkbox"/>		
Leading Nottingham	<input checked="" type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
This report presents the revenue element of the Council's draft MTFP for 2014/15 – 2016/17. Overall, the proposals would result in a 2014/15 net budget of £273.751m . The proposals include funding for increased pressures of £2.510m ; funding for new developments of £0.656m ; departmental efficiencies of £5.768m ; corporate proposals of £2.962m and transformational savings of £14.874m .			
The final overall proposals for the MTFP, including any changes arising from consultation, will be considered by Executive Board in February 2014 for recommendation to Full Council in March.			
The decision is not subject to call-in as Councillor Brian Parbutt, Chair of the Overview and Scrutiny Committee, has agreed that the decision is reasonable in all the circumstances and should be treated as a matter of urgency as any delay will impact on the public consultation period.			
Recommendation(s):			
1 To note, endorse and release for formal public consultation the MTFP proposals as set out in Appendices 1 to 5			

1 BACKGROUND

- 1.1 The MTFP comprises the general fund revenue budget, capital programme and HRA budget and translates the Medium Term Financial Strategy (MTFS) into a plan of action which enables the Council Plan and its subsidiaries to be delivered. This report outlines a proposed draft Medium Term Financial Plan (MTFP) for 2014/15 to 2016/17 and a balanced budget for 2014/15.
- 1.2 The figures contained in the MTFP are based on forecasted and expected changes to the Council Tax Support Scheme (CTSS) and Business Rates Retention Scheme. The draft settlement is expected to be announced in late December.

Should the final allocations be less than those current assumptions, further options for ensuring a balanced budget will need to be considered by the Executive Board.

1.3 The final MTFP, to be considered in February, will contain considerable detail about the composition of the budget and the issues taken into account in constructing the Plan.

1.4 The Government has implemented a rapid and extensive programme of policy change, accompanied by significantly reduced funding for the public sector. In response, our service and financial planning process has once again facilitated significant proposed movements in resources. Such changes:

- take account of the Council's priorities within the Council Plan; promoting shifts of emphasis and improving performance;
- address demographic and service pressures through investment;
- reflect the significant reductions in external funding (especially general and specific Government grants) by reducing expenditure on those activities;
- support our determination to be efficient, improve performance and modernise our organisation;
- recognise the very challenging financial landscape and future outlook and the impact on all sectors including the public sector

1.5 In the light of the financial challenges facing the public sector and the Council, increased development of partnership working will need to become more focussed on working arrangements that enable joined up operations, shared services and pooled resources.

1.6 Budgets have been redirected to enable some resources to be targeted on the Council's current focus of supporting the most vulnerable, local jobs, presence and enjoying Nottingham. Resources are proposed to be redirected by:

- Identifying efficiencies and other types of cost reduction.
- Reviewing priorities and services and restructuring accordingly
- Reviewing and optimising income streams of all kinds
- Implementing new methods of service provision
- Modernising our ways of working

1.7 The resulting draft MTFP reflects the culmination of extensive work of councillors, colleagues and other stakeholders to fulfil a legal obligation to set a balanced budget for 2014/15 in the context of a three year MTFP to fund a wide range of services; many of them statutory.

2 REASONS FOR RECOMMENDATIONS

2.1 This report presents and seeks endorsement for currently identified draft cost reduction proposals for 2014/15 to 2016/17 to enable the release of details for public consultation.

2.2 Any options that include proposed workforce reductions will be the subject of consultation, which entails jointly examining and discussing the proposals and issues of concern with the trade unions and affected colleagues. The details of such proposals may, therefore, be subject to change during the consultation period and this may impact on the way in which identified savings will be delivered. Such consultation has already commenced for some of the proposals set out in this report.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Throughout the budget process a range of different options are considered including various levels of council tax, investment and cost reductions. This is a complex process with many iterations and possibilities too numerous and detailed to present as discrete options here. This report presents the overall set of current draft proposals which together seek to balance levels of investment, income, cost reductions and an appropriate level of council tax.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 The City Council's annual budget, within the MTFP, forms the cornerstone of financial management and control within the organisation. All revenue spending and income will continue to be monitored against the final MTFP, the draft of which is summarised within this report.
- 4.2 The Council has developed a robust approach to providing value for money and efficiency savings which support the delivery of the Council Plan and the MTFS. The embedding of a robust VFM framework is one of the key strands within our transformation programme, but it is through the mainstream application of such principles within service planning and delivery that VFM will be delivered. The Audit Committee has responsibility for the scrutiny and challenge of the framework and its implementation.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 The City Council is required to set a balanced budget for 2014/15 before 11 March 2014.
- 5.2 Insofar as the cost reduction proposals as set out in this report contain workforce reduction proposals, Section 188(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 ("TULR(C)A") may well be engaged and sufficient time will need to be set aside for relevant consultation with the appropriate representatives of affected employees.
- 5.3 A detailed and comprehensive interim risk assessment has been undertaken in order to inform the Chief Finance Officer's (CFO's) assessment of the affordability of the MTFP and the consequent recommended levels of reserves and contingencies. Any increases in these levels, reflect the higher level of risk inherent in the budget arising from significantly reduced external funding sources, transfer of risks from Central Government and the resultant high levels of cost reductions required. The final risk assessment will inform the budget report to Executive Board in February.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 None

7 REGARD TO THE NHS CONSTITUTION

- 7.1 Not applicable

8 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

(a) not needed

Any decisions relating to the draft budget proposals will be set out in further reports to Executive Board in February and to City Council in March 2013. Equality Impact Assessments are being carried out for all relevant budget proposals and a summary will be provided with these reports

(b) No

(c) Yes – Equality Impact Assessment attached

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

None

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

None

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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