

Report to: **Cabinet**

Date: **15 December 2004**

By: **Chief Executive and all Chief Officers**

Title of report: **Reconciling Policy and Resources and the Council Plan 2005-06**

Purpose of report: **To update Cabinet on the financial settlement, the work to reconcile Policy and Resources and to report on the outcome of consultation with Scrutiny Committees and the public.**

RECOMMENDATIONS

The Cabinet is recommended to:

- 1. note the report;**
 - 2. consider the comments from the Scrutiny Committees at Appendix A and the consultation with residents and partners on priorities at Appendix B;**
 - 3. consider the update on the financial position at Appendix C;**
 - 4. consider the effects on services of planning in accordance with the financial guidelines agreed by Cabinet in August at Appendices D and E; and**
 - 5. agree any refinements required to the financial guidelines in the light of the provisional Local Government Finance Settlement 2005/06.**
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1. Financial Appraisal

1.1 This report provides an update on the short and medium term financial background against which service planning is taking place and the impact that the Government's announcement of the Local Government Finance Settlement for 2005/06 may have on the planning assumptions used.

2. Supporting Information

2.1 Cabinet have been working with Chief Officers to examine the service impact of planning in line with the financial guidelines it agreed in August. This work has been considered by Scrutiny Committees and their views are contained in Appendix A. The initial planning guidelines which Cabinet agreed were:

- fully 'passport' to schools;
- 0.7% efficiency savings for Social Services;
- standstill, less 1% efficiency savings for:
 - Libraries and Arts; and
 - Highways Maintenance;
- standstill less 5% savings for:
 - Chief Executive's Department;
 - Corporate Resources;
 - Education LEA Block;
 - Transport and Environment (excluding Highways Maintenance and Waste PFI); and
 - other Waste costs (excluding Waste PFI).

2.2 The standstill budget reflect the cost of rolling forward current policies and as well as including inflation covers previously agreed policy commitments such as the cost of the Waste PFI and Social Services. It does not reflect new or enhanced service provision.

2.3 A first phase of consultation on priorities and budget has also been undertaken with partners and public. A summary of activities undertaken and the findings is attached at Appendix B.

3. Update on the Financial Position

3.1 The announcement of the provisional financial settlement for next year was made on 2 December 2004. The implications of the settlement are set out in Appendix C along with the latest position on standstill pressures and other risks.

3.2 Overall it appears that the County Council has received the worst grant increase (at 4.1% or £11.7m) of any County and after allowing for Education passporting, only some £1.5m is available to support all the standstill pressures outside schools which total £16m.

4. The Council Plan 2005/06

4.1 Lead Members and Chief Officers have been developing service objectives and key service targets for each of their service areas on the basis of the Policy Steers agreed by County Council in October 2004, taking account of the initial financial guidelines. These objectives and targets, together with the underlying financial assumptions, will form the basis of the Council Plan. The proformas which form the basis of this work are available in the Members' Room.

4.2 A commentary by the relevant Chief Officer on key areas of delivery and the impact of containing activity within the financial guidelines for each service area is set out in Appendix D. Appendix E sets out how it is proposed to achieve the efficiency savings required to deliver the guidelines.

5. Consultation

5.1 A second round of consultation will be held in January with partners, stakeholders (including the statutory consultation with business ratepayers and consultation with the trade unions) and the public, which will build on the earlier work, but will include the latest information on the budget settlement and will take account of any further decisions taken by Cabinet today. The results of this further work will be reported to Cabinet in January.

6. Conclusion

6.1 At this meeting the Cabinet will wish to provide further refinements to its financial guidelines. The next phase of the work to be considered by the Cabinet in January is the detailed budget and draft Council Plan prepared in the light of those revised guidelines.

Chief Executive
On behalf of all Chief Officers