Title: Budget Strategy Report 2019/20 to 2020/21

Report of the Cabinet Member for Finance, Performance and Core

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Wards Affected: None | Key Decision: No

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Summary

The Council is now half way through its current four-year Financial Strategy 2017/18 to 2020/21. This strategy was developed in order to support the Council meet unprecedented financial challenges resulting from deep cuts to its funding from central government. The Financial Strategy is regularly reviewed and budgets monitored with reports being presented to Cabinet highlighting issues.

This covering report presents the Budget Strategy which is to be presented to Cabinet on the 13 November to the Overview and Scrutiny Committee. The report sets out how the remaining 2019/20 gap can be resolved and the implications for services and council tax payers in the borough. It should be noted that this report was written in advance of full details of the Chancellors Autumn budget and the Local Government Settlement being available.

It also proposes consultation on the level of Council tax in the coming year and a new “social care precept”.

Recommendation(s)

The Overview and Scrutiny Committee is recommended to note the report and discuss its content

Reason(s)

To play a part in the consultation on the 2019/20 budget process

1. Introduction and Background

1.1 The Council has a robust budget setting process which results in a four year Medium Term Financial Strategy (MTFS). The current strategy has been in place at a time when sustained reductions in Central Government funding have been taking
place and at the same time Barking and Dagenham has been facing and will continue to face severe demand pressures because of rapid population growth, demographic changes and high levels of deprivation.

4.1 The Council’s response has been to undertake a significant transformation which has resulted in the New Kind of Council. This reorganisation contained savings initiatives that spanned the four year period of the MTFS. This means that for 2019/20, there are no new specific savings proposals. However, it is recognised that in future years will there will still be financial pressures. So although there is no explicit requirement to consult for 19/20 views will be sought on the areas in which savings could be made in the future in order to shape the new MTFS.

2. Council Tax Proposal

2.1 The Budget Strategy report restates that the Council’s agreed MTFS has an assumed 1.99% Council tax increase in each year. However, in recognition of the pressures that are inherent in not only older people, but childrens social care, the report proposes an additional 1% Council Tax increase to be used as a “Barking and Dagenham Social Care Precept”. This would be ring fenced to services for Children and Younger Adults with Disabilities. The amount of funding raised will be £0.597m. and although this is not sufficient to fully meet the size of the challenge it will offer some mitigation against the worst of the pressures.

3. Way Forward

3.1 Once the Cabinet report has been agreed, a public consultation exercise will start, details of which are set out in the report. As usual, Assembly will be asked to formally approve the 2018-19 budget next February. Although the Chancellor’s Autumn Budget took place on 29 November 2018. The full details of the implications for this borough may not be clarified until the provisional Local Government Settlement on the 6th December. The Committee’s views are welcomed Budget Strategy Report.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- Appendix A – Report to Cabinet 13 November 2018 (Budget Strategy 2019/20 to 2020/21)