

Forward Guidance - financial prospects 2015-20

Policy & Resources Committee
Monday June 23, 2014

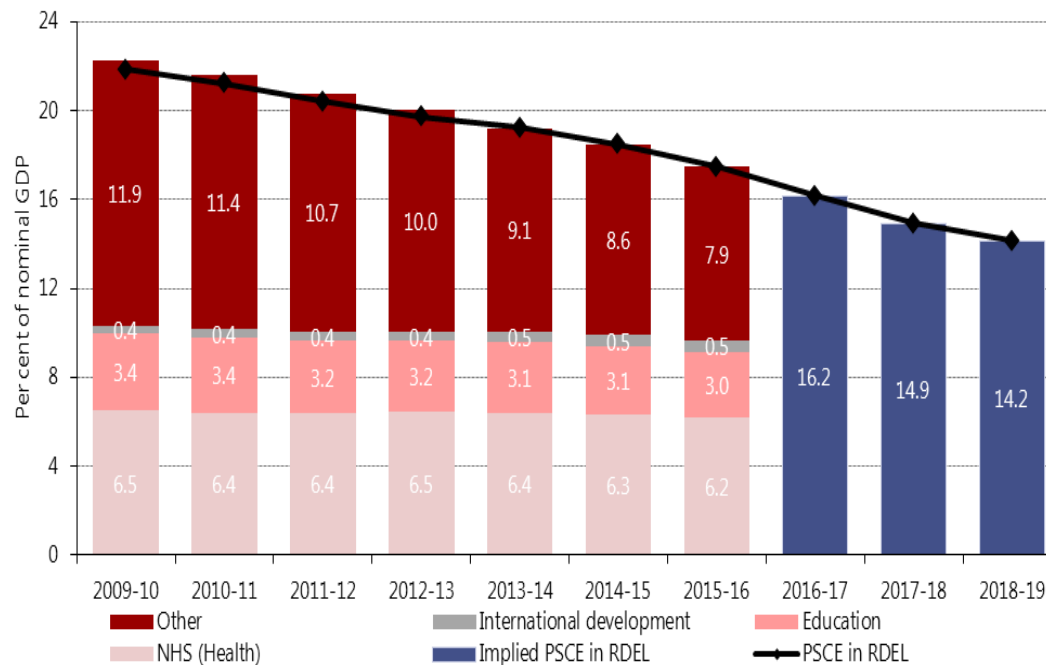
A permanent state of austerity

If '*efficiency*' has been the main headline of the last four years, it looks like '*priorities*' will take-over between now and 2020.

Local authorities will have to reassess what they are there to deliver.

The new Parliament's savings, for 2016-18, will be twice as deep

More needs to be done as fiscal consolidation enters the next very challenging phase



Plans for RDEL excluding depreciation up to 2015-16. Beyond 2015-16 based on implied PSCE in RDEL calculated from the Government assumption for TME. Other includes unallocated amounts.

Source: OBR Economic and Fiscal Outlook, March 2014, HM Treasury Budget 2014, HM Treasury Public Expenditure Statistical Analyses, July 2013.

Level of savings from Current Year 2014-15 to 2017-18 (£m)

The overall budget reduction, which includes the savings already agreed for 2015-17, amounts to just over **£145.5m**. This is made up of grant reductions and demographic change.

	2015-16	2016-17	2017-18
Annual Gap.	3.8	18.2	51.7
Annual Savings	40.0	31.8	
Total savings reqd	43.8	50.0	51.7
Cumulative	43.8	93.8	145.5

And it goes on - savings required for 2018-20

The Office for Budget Responsibility reports a lower level of public sector savings for the later years, compared to 2016-18. Officers project a savings requirement of just over **£61m**.

	2018-19	2019-20
Annual Gap.	30.4	31.1
Annual Savings		
Total savings rqd	30.4	31.1
Cumulative	30.4	61.5

What's it all mean?

- We have to have **bolder solutions**. The past devices cannot deliver the level of reductions we face, over the longer timescale than previously envisaged. For example, service and commissioning provision across the County with the NHS.
- We have to have a **strategic approach** to choice. It has to manage demand across the County, rather than accept unsustainable costs.



What next?

The July Committee cycle is ideal to explore the shape of the budget process and the major challenges for each Committee.