

# **Budget Planning Report for Administration and Finance Services 2016/17**

**Contact Officer:** Gemma McNamara  
**Telephone:** 01895 277762

## **REASON FOR ITEM**

This is the first opportunity for the Policy Overview Committee to discuss the current stage of development of budget planning work with regard to Administration and Finance Services. Within the context of the Council's overall financial position, this paper sets out the main financial issues facing the Group's services and the work being undertaken to respond to them. This paper gives a strategic context in which the detailed proposals to be discussed at Policy Overview Committee meetings in January 2016 will need to be considered.

## **OPTIONS AVAILABLE TO THE COMMITTEE**

It is recommended that the Committee notes the development of the financial planning process undertaken to date, and comments as appropriate on the response to the issues being developed by the Group.

## **INFORMATION**

- 1 This is the first of two opportunities within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2016/17. The focus of this report is the major issues that have been identified through the service and financial planning process for Administration and Finance Services. The report to be considered in January 2016 will set out the detailed budget proposals for the Group, those proposals having been included in the report to Cabinet on the Medium Term Financial Forecast (MTFF) on 17 December 2015.

## **Corporate Summary**

- 2 While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
- 3 The budget report to Council in February 2015 identified the savings requirement for 2016/17 as £20.3m and work is currently underway to refresh this figure. The finance settlement announced in December 2014 was only for the year 2015/16. Therefore, until the final settlement is announced towards the end of the year the final funding position will not be fully known, although an indication of the scale of funding reductions may be given in the Comprehensive Spending Round expected in Autumn 2015.

- 4 In addition, there is significant other uncertainty within the budget for next year from increasing demographic pressures; from ongoing welfare reforms; and from the second phase of the 2014 Care Act coming into effect from 1 April 2016.
- 5 Alongside this, any other emerging pressures which arise throughout this financial year will have to be provided for in next year's budget. The budget gap will be monitored throughout the year and the budget strategy adjusted accordingly to ensure that a balanced budget for 2016/17 can be set.

### **Strategy to deal with the budget gap**

- 6 The Council remains strongly placed to deal with the challenges ahead. We have a good track record of coming in or under budget each year and have accumulated balances of £40.4m by the end of 2014/15, although £5m of that has been committed to being drawn down during 2015/16. We have a well established HIP programme that has helped steer the Council from a position of having low balances to one of having healthy balances at the same time as dealing with significant external challenges. This has been enhanced by the development of the BID programme as the main vehicle for delivering the fundamental changes required to the Council's structure and ways of working in order to address the reductions in funding going forward.

### **MTFF process update**

- 7 The timetable for the budget process was refreshed in February 2015 and the first MTFF sessions with Groups took place during late June and early July to review the detailed budget proposals developed by each group. Progress on the development and delivery of these proposals will be monitored monthly by CMT and the Leader of the Council throughout the remainder of the year.

### **Timetable for 2016/17 Budget**

- 8 The broad timetable is as follows:

<b>Process</b>	<b>Timetable</b>
Monthly CMT updates (March 2015 to Feb 2016)	Monthly
CMT discussion on options to address 2016/17 gap	February
SMT Briefing on budget position	February
Analytical review of 2014/15 outturn	April - June
MTFF Review (1) – 1st Challenge Sessions	June
Initial Draft MTFF Report to Leader	July
Spending Review	Summer / August
MTFF Review (2) – 2 <sup>nd</sup> Challenge Sessions	Sept/Early October
Leader review of MTFF	November
Provisional Local Government Finance Settlement	December
Draft MTFF reported to Cabinet	December

POC review of draft Group Plans and budget proposals	January
Final Local Government Finance Settlement	January
Council Tax setting	February

## **Budget Planning in Administration and Finance Services**

### **Summary of Key Financial Issues**

- 9 Administration and Finance have put forward savings for 2015/16 of £1.383m and are well on track to deliver this amount. Where possible, implementation of the proposals identified began in 2014/15 to ensure that the maximum benefit of the saving could be achieved in 2015/16. These proposals include; restructures within the Revenues and Benefits, Human Resources and Internal Audit teams, with a full Zero Based review of services including realignment of income targets and the retender of the Administration contract within Revenues and Benefits.
- 10 As part of the MTFF Process for 2016/17, proposals have been developed and have been reviewed at the Administration and Finance first Challenge Sessions, to contribute to the overall Council target. Extensive reviews of budgets have been undertaken and meetings held with Heads of Service to review service areas, with specific regard to ensuring appropriate staffing structures and income streams are accurately budgeted.
- 11 Budgets continue to be monitored throughout the year to ensure that any expenditure is appropriate and essential and that controls are in place to challenge spend.

### **Next Steps**

- 12 The Medium Term Financial Forecast setting out the draft revenue budget and capital programme will be considered by Cabinet on 17 December 2015 and issued for consultation during the remainder of December 2015 and January 2016. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

### **SUGGESTED COMMITTEE ACTIVITY**

To consider whether there are suggestions or comments the Committee wish to make.

### **BACKGROUND PAPERS**

None.