

## **BUDGET PLANNING REPORT FOR RESIDENTS SERVICES 2016/17**

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### **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 Residents 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 Residents 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 Residents Services**

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

- 9 Residents Services (excluding Housing & Education) have identified significant budget savings for 2015/16 totalling £3,222k. At month 2, £694k of these savings were reported as banked, £2,448k on track, £80k still at early stages.
- 10 The 2015/16 efficiency savings include a review of discretionary budgets across the group, plus reviews of Technical Admin & Business Support, ICT and Facilities Management. In addition, further income has been received through the New Homes Bonus grant and income has been increased in development control as the economic uplift has continued.
- 11 The 2016/17 MTFP proposals are continuing to develop a number of existing workstreams, and identifying new opportunities for savings and efficiencies emerging from the work undertaken through the Council's now well established HIP and BID processes. Examples of these include further widening of the Technical Support review, ICT modernisation and a number of restructures following on from the review of the Senior Management team responsibilities. The emphasis continues to be on generating savings through service improvement based on process efficiency, use of technology and consolidation of provision. This work will be supported by the detailed budget monitoring process, alongside the established and rigorous processes for challenging expenditure and recruitment decisions.
- 12 Where applicable, levels of non-residential fees & charges will be kept under review, in the context of usage and capacity levels. The Group will also continue to vigorously pursue any opportunities for additional grant income, where these are aligned to Council objectives.
- 13 Alongside development of further savings, the Group will continue to review all contract related and discretionary spend.

### **Next Steps**

- 14 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**

The Council's Budget: General Fund Revenue Budget and Capital Programme 2015/16 – reports to Cabinet 12 February 2015 and Council 26 February 2015.

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