

Report To: Corporate Governance Committee

Date of Meeting: 28th January 2015

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Richard Weigh, Chief Accountant

Title: Budget Process 2015/16

1. What is the report about?

The report gives an update on the process to deliver the revenue budget for 2015/16.

2. What is the reason for making this report?

To provide an update of the latest position.

3. What are the Recommendations?

To consider the latest update and comment as appropriate.

4. Report details

Since the last update, the budget process has moved into Phase 3 which is focussed on finalising the 2015/16 budget (Appendix 1 shows the illustration of the budget process for reference). The process will revert to consideration of the 2016/17 budget with member budget workshops arranged to focus on saving proposals in February and March 2015 (this will become Phase 4). The forecast budget gap for 2016/17 is approximately £8.8m. Savings of £2.7m have been approved as part of the current process meaning the remaining gap is approximately £6.1m.

The table of key events in the process to the end on March 2015 is shown as Appendix 2. Further dates and details will be added following a scheduled budget session with SLT in February and will be informed by the forthcoming budget workshops:

A report was approved by Cabinet on 13th January 2015 that set out recommendations to be made to Council on 3rd February. The full report and appendices are attached as Appendix 3.

The report sets out the proposals to balance the 2015/16 budget, including raising Council Tax by an average of 2.75% (the level assumed in the council's budget plans) and use of general balances. Following the member budget workshop in December, it also includes a formal recommendation to prioritise the delivery of the Corporate Plan in future budget rounds.

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5. How does the decision contribute to the Corporate Priorities?

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

6. What will it cost and how will it affect other services?

The council may need to deliver savings of approximately £17m over the next two financial years.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

An EqIA will be completed for all relevant proposals as the process develops.

8. What consultations have been carried out with Scrutiny and others?

The report to Council on 9th December highlighted the significant consultation process built into the process. This includes:

In addition to regular reports on the process to the Corporate Governance Committee, the budget process has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. Two of the individual proposals have also been considered by scrutiny committees – these are CCTV (PPP08) and Provider Services (ABS02). The latter proposal has also been the subject of a specific Task & Finish Group set up by the Performance Scrutiny Committee to examine options for delivering high quality care services.

By the end of the 2015/16 budget setting process, there will have been at least ten budget workshops held with elected members to examine service budgets and consider budget proposals.

Details about the purpose and responses to the 'Cutting Our Cloth' public engagement exercise - which has yielded 822 survey responses and over 5,000 website hits.

In addition to the public engagement exercise, the council had informed all Town and Community councils about the proposed cuts and hosted a meeting for all the councils to discuss and debate the proposals. There are ongoing discussions between some of the county council's services and some Town councils about the impact of the proposals and whether or not the Town councils would consider funding some of the activities if the cuts are made. These discussions are continuing.

The council has consulted its partners, through the joint Local Service Board, and there has been a meeting between Police colleagues and senior council officers to start exploring possible alternatives to the CCTV cut, if it is made. These discussions will continue if the proposals become decisions.

All members of staff have been kept informed about the budget setting process and where proposals become decisions the affected staff will be fully consulted, in accordance with the council's HR policies and procedures.

Trade Unions have been consulted through Local Joint Consultative Committee. A process for engaging with staff and their TU representatives was agreed at LJCC in September and is being adhered to.

9. Chief Finance Officer Statement

This will be an extremely challenging process with some tough decisions to make along the way. The engagement and support of elected members in the decision making and scrutiny of the process is crucial.

10. What risks are there and is there anything we can do to reduce them?

This is the most challenging financial period the council has faced and failure to deliver an effective budget strategy will put further pressure on services in future financial years.

Three specific risk areas have been highlighted at Corporate Governance and these are:

- risks of weakening or removal of controls as resources are reduced, leading possibly to increased Governance risks;
- the risks of a failure to realise cashable savings in 2016/17 because decisions are not being made now; and
- innovation risks, e.g. risks to out- and in-sourcing, if upfront contract terms and conditions, initial aspects of contract management are not controlled or managed properly

Possible risks around the implementation of savings were presented with the proposals as they were developed. However, to ensure this consideration is robust and properly assessed, a special session of the council's SLT has been arranged for 5th February to focus on the delivery of savings proposals and to consider and manage the possible risks arising from the process. The outcome of this session will help determine future action, including for example, entries to corporate or service risk registers, creation of formal projects (following a prescribed project management methodology), further reports to scrutiny or Corporate Governance, audit review, etc.

11. Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.