

Report To: Corporate Governance Committee

Date of Meeting: 25th March 2015

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

Report Author: Richard Weigh, Chief Accountant

Title: Budget Process 2015/16 – 2016/17

1. What is the report about?

The report gives an update on the process to deliver the revenue budget for 2015/16 and 2016/17.

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 for 2015/16 has been set. The process will now focus on implementing the 2015/16 savings and delivering the 2016/17 budget. The first set of member budget workshops focussing on saving proposals for 2016/17 has been arranged: the first took place on 23rd February and the second is arranged for 26th March. These two sessions are in the main focussing on proposals that were deferred from previous budget workshops.

It is hoped to be able to take a set of proposals for 2016/17, incorporating items discussed at the latest two workshops, to Council in June for approval.

Further budget workshops have been arranged for 5th June, 26th October and 14th December. As the process for 2016/17 is further developed, it may be necessary to schedule more workshops. It is proposed that the June workshop will consider outline proposals from CET/SLT and any proposals from elected members, who have recently all been written to offering the opportunity to propose options for future savings. The proposals identified in June would then be refined over the summer and presented to the workshop in October with the intention to present to Council for approval in December. The workshop in December will then focus on final proposals to balance the budget.

The forecast budget gap for 2016/17 is approximately £8.8m. Savings of £2.7m have been approved as part of the current process (in Phases 1 and 2

approved in September and December 2014) meaning the remaining gap is approximately £6.1m.

A chart showing the proposed budget process is included as Appendix 1. The chart outlines the process to deliver the 2016/17 savings and builds on the process that began in March 2014. The saving 'phases' referred to are the decision points taken to Council for approval. Phases 1-3 have been approved already and therefore the chart begins at Phase 4.

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?

Previous reports have highlighted in detail the significant consultation process undertaken to deliver the 2015/16 and 2016/17 budgets and these are highlighted again below.

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. Specific proposals have been reviewed by scrutiny committees and one was based on recommendations from a member/officer task and finish group.

By the end of the 2015/16 budget setting process, there were ten budget workshops held with elected members to examine service budgets and consider budget proposals. A further five are arranged to consider proposals to meet the budget gap for 2016/17.

There was a public engagement exercise to consider the impact of budget proposals. In addition to this, 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.

The council has consulted its partners through the joint Local Service Board and specific discussions have taken place with the Police.

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 remains 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.

The risk management framework proposed to manage the implementation of the 2015/16 budget savings is highlighted below.

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.

Risk management of the process is a key consideration of the Corporate Governance Committee and specific risks have been raised in previous reports. Possible risks around the implementation of each saving proposal were presented at workshops as they were being developed. However, to enhance this, a session of the council's SLT focussed on risk management of the process on 5th February and it was proposed that there should be four strands to a risk management framework underpinning the implementation of the 15/16 budget savings and this is presented in the table below:

Impact	Method of Monitoring/Reporting
Financial	Measured by Finance with Head of Service – reported monthly to Cabinet as part of Finance Report.
Performance	Measured by Business Improvement & Modernisation (BIM) with Head of Service. Reported to members via Scrutiny and/or Cabinet.
Risk	Measured by BIM/Internal Audit/Head of Service. Regular reports to Corporate Governance.
Scrutiny	Chairs/Vice-Chairs to review the reports above and call in as necessary

The Head of Finance and Assets will be leaving the council at the end of May. To ensure there is no risk to the budget process and that there is a smooth transition, the Chief Accountant will be leading the process over the next three

months with background support from the Head of Finance. This builds on the 2015/16 process which the Chief Accountant helped to develop and deliver.

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.