

**Report To: County Council**  
**Date of Meeting: 7<sup>th</sup> July 2015**  
**Lead Member: Councillor Julian Thompson-Hill**  
**Report Author: Richard Weigh, Chief Finance Officer**  
**Title: Budget 2016/17**

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**1. What is the report about?**

The report gives an update on the process to deliver the revenue budget for 2016/17 and sets out the next phase of budget proposals.

**2. What is the reason for making this report?**

To provide an update of the latest position and to note the proposals in Table 1, approve the proposals in Table 2 and a further proposal put forward by elected members.

**3. What are the Recommendations?**

To note the Phase 4 savings proposals listed in Table 1 and approve the proposals listed in Table 2.

To approve the proposal put forward by members not to pay expenses to members attending meetings as observers.

**4. Report details**

In February 2014, the council began a new approach to budget setting called Freedoms & Flexibilities. The purpose was identify savings to contribute to the 2015/16 and 2016/17 budgets. The process included a full analysis of all budget lines and a series of budget workshops with elected members. The process delivered a balanced budget for 2015/16 and identified proposals for 2016/17.

The process has continued with the focus on 2016/17 and two member budget workshops were held on 23<sup>rd</sup> February and 26<sup>th</sup> March. These two sessions concentrated in the main on proposals that were deferred from previous budget workshops. A third focussing on financial planning and considerations for the future took place on 5<sup>th</sup> June. At the June workshop, members were informed of the key assumptions within the council's medium term plans – in particular, outlining the uncertainty around the level of future Revenue Support Grant settlements.

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. The budget gap is calculated by applying a series of assumptions. The most significant of these is the level of Settlement to local authorities in the form of Revenue Support Grant. Every percentage change to the Settlement value equates to approximately £1.4m. There is a significant level of uncertainty around the likely Local Government Settlement for 2016/17 and this is likely to remain the case for the coming months. Until May 2013, Settlement values had been broadly consistent with the forward planning indications published nationally in 2011. Since then, there have been no multi-year settlements and indications have changed consistently between and within financial years. In the absence of more reliable Settlement information, budget plans must continue to develop proposals to cover a range of different scenarios. The Draft Settlement for local government in Wales should be published early in October.

Further budget workshops have so far been arranged for 26<sup>th</sup> October and 14<sup>th</sup> December. As the process for 2016/17 develops, it is likely to be necessary to schedule more workshops in the autumn. The budget process chart is enclosed for reference 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.

The Phase 4 proposals in the tables below will contribute £1.290m toward meeting the budget gap for 2016/17. There is an impact assessment for each item available in the Members Library section of the Modern.gov system.

An electronic link to the documents is below:

<https://moderngov.denbighshire.gov.uk/ecSDDisplay.aspx?NAME=SD703&ID=703&RPID=1764375&sch=doc&cat=13602&path=13602&LLL=0>

Some of the items have already been implemented or are being implemented under delegated authority to Heads of Service. These are presented to council for information and completeness to understand the impact on services and their contribution to the overall budget target. The items relate to internal management restructures and total £640k as detailed in Table 1:

**Table 1**

<b>Ref</b>	<b>Service Area</b>		<b>£'000</b>
BIM401-03	Business Improvement & Modernisation	ICT Restructure Not Replacing Vacancies	224 75
EBD401	Economic & Business Development	Staffing Review	150
CFS401	Senior Leadership Team	Merging Children's Services with School Improvement & Inclusion	80

LDHR401	Legal, Democratic & HR	Review of Occupational Health Service	20
LDHR402		Deletion of a Vacant Post (Member support)	20
CSS402-3	Community Support Services	Administration Review – removal of vacant posts.	44
CSS404		Administration process supporting care package review. Not renewing a temporary contract.	27
		<b>Total</b>	<b>640</b>

Phase 4 proposals emerging following detailed presentations to recent budget workshops and requiring approval as part of the budget process are detailed in Table 2. These proposals are focussed on efficiency and modernisation:

**Table 2**

Ref	Service Area		£'000
HE401	Waste Management	Changes to Shift Patterns & working Practices	170
CE401	Library Service Modernisation & Community Hub Model	Reduction in opening hours to match demand.	142
CE402		Development of multi-use community hub model for some locations	80
FA401	Office Accommodation Strategy	Rationalise office bases through more effective use of technology and flexible working practices. Saving based on vacation of one building	258
		<b>Total</b>	<b>650</b>

At the budget workshop on 5<sup>th</sup> June, commitments were given that impact assessments for the proposals above would be made available to members prior to submission of the report to council and that if members raised valid concerns about any of the items noted in Table 2, these could be deferred to December. No concerns have been raised and therefore the proposals are presented for approval.

Currently, a series of meetings is ongoing with services reviewing budgets and considering new budget proposals. These proposals will be developed and presented to members in the autumn at budget workshops.

In addition, members have been asked to submit any of their own proposals as part of the process and a prescribed form has been issued for the purpose.

A proposal put forward by members at the workshop in June was to stop paying travelling expenses to members attending meetings as observers – i.e. not members of a committee or those specifically invited to attend a meeting. It is estimated that this may save up to £900 per year.

**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 and other measures of approximately £8.8m next financial year.

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

Impact assessments for each proposal are available via the Modern.gov system.

**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 have so far been arranged to consider proposals to meet the budget gap for 2016/17 and more may be necessary as the process develops.

There was a public engagement exercise to consider the impact of budget proposals and there are ongoing discussions between some of the county council's services and some Town councils. 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. The proposals in this report were presented to LJCC on 24<sup>th</sup> June and no concerns were raised.

A scrutiny task and finish group has recently been established to assess the impact of the budget cuts already agreed.

## **9. Chief Finance Officer Statement**

This remains a difficult 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 aim of the budget process is to ensure that the council delivers a balanced budget. Built into the process are a number of review points to ensure that it remains on track and it can be amended if not. The uncertainty over the level of Settlement means that the budget gap estimated may change for 16/17 but this must be viewed in the context of the likelihood that negative Settlements will continue in the medium term.

## **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.

The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way. The process as outlined includes sufficient scope to review and amend if necessary. The level of proposals identified in June through both consultation with services and proposals submitted by members will inform how the remainder process continues.

## **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.