

Report of Chief Officer, Financial Services

Report to Scrutiny Board (Resources and Council Services)

Date: 18 November 2013

Subject: Monitoring Of Projected Savings

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of Main Issues

- 1 Members at their previous meeting raised a query as to the monitoring of projected savings.
- 2 This report responds to the query by explaining that the Council has in place arrangements for the identification and monitoring of projected savings, and that these arrangements are an integral part of the Council's financial management arrangements which are subject to an annual report to the Council's Corporate Governance and Audit Committee

Recommendations

- 3 Members are asked to note the contents of this report

1 Purpose of this report

- 1.1 To report back to Scrutiny Board (Resources and Council Services) on a query that was raised at its last meeting on the 14th October 2013 as to how projected savings are monitored.

2 Background information

- 2.1 At the Board`s meeting on the 14th October 2013, Members received a copy of the Month 6 Financial Health Monitoring Report.
- 2.2 During subsequent discussion, Members raised an issue as to how projected savings are monitored and specifically when identifying estimated saving/ efficiencies as part of proposals presented to Executive Board, what arrangements are in place to:
- a) Monitor the delivery/achievement of any estimated savings
 - b) Report the achievement (or otherwise) of any estimated savings/efficiencies
 - c) Remove the estimates savings/efficiencies from specific budget allocations.

3 Main issues

- 3.1 Given the significant financial challenge the Council is facing, ensuring that we have in place appropriate arrangements to deliver sound financial management and planning is perhaps more critical than ever before. Recognising this, the Corporate Governance and Audit Committee does receive an annual report on these arrangements. The latest report was considered by the Corporate Governance and Audit Committee at their meeting on 20th September 2013 and outlined the key components of the Council`s financial management arrangements with an assurance that these systems and procedures are fit for purpose, up to date, embedded and being complied with.
- 3.2 The query which Members of the Board raised at their last meeting is very much at the heart of the Council`s financial planning and monitoring.
- 3.3 The budget as well as an expression of the Council`s policies and priorities is also a means of controlling spending to the available resources. In any one year, it is inevitable that the delivery of the budget will be dependent upon any number of actions. These actions can range from relatively straight forward decisions e.g. increase charges for services, to, actions involving the fundamental transformation of services. Such actions may for a variety of reasons not happen when assumed or not deliver the expected saving.
- 3.4 Whilst financial planning can be seen as an annual exercise, there is a recognition that this needs to be set within the context of a medium term financial strategy. As such, the identification of efficiencies and savings may in many instances emerge through the development of the Council`s medium term financial strategy, albeit at a high level. More specific proposals will also be developed as part of the report on the Council`s initial budget proposals for the following year which are normally considered by the Executive Board in December each year. Council priorities are subject to consultation in autumn with further consultation in the Council`s initial proposals during December and January.

- 3.5 In the context of the query as to the removal of savings/efficiencies from specific budget allocations, this, subject to the process described above, would normally be manifest in the detailed budget estimates as proposed by the Executive Board for approval by full council at their meeting in February. The budget is clearly a key component of the Council's budget and policy framework. As well as presenting the detailed estimates, reports are provided to explain to members the major year on year changes which are included in the proposed estimates. This is critical when these involve significant changes to the services being delivered.
- 3.6 Whilst the budget will assume the delivery of a number of actions, it is important to appreciate that the budget does not, as a general rule, represent the final agreement of specific proposals included in the budget. Many of the proposals will be subject to separate decision making, including consultation and the consideration of any equality impacts. Such decisions may be taken by the Executive Board or in accordance with the Council's constitution may fall to be taken by Officers under the delegation scheme.
- 3.7 The budget is in many ways an exercise in managing risk and it is inevitably the case that the budget in any one year will depend on actions which have yet to happen, and will often be subject to separate decision making processes, or upon assumptions that may in reality vary from those assumed at budget setting.
- 3.8 Robust arrangements are in place to monitor savings and efficiencies included in the approved budget. Normally, for budget actions of a significant nature, they will be subject to a departmental budget action plan, which will include how the saving will be monitored. Financial monitoring is undertaken and operates on a hierarchical basis within the Council whereby the monthly projections of budget holders are aggregated upwards to be reviewed by Chief Officers and Directors. The projections for each directorate are submitted to the Deputy Chief Executive and are reviewed and challenged by the Finance Performance Group. This group is made up of senior finance staff and chaired by the Chief Officer, Financial Services. Projections are then reported monthly to the Corporate Leadership Team and the Executive Board. Through this process, any slippage or non-achievement of budgeted actions can be identified and trigger consideration of any contingency plans that need to be put in place. There is a strong expectation that should budgeted actions not be delivered or delayed, then the relevant directorate will be expected to develop and implement new action plans to bring their budget back to balance.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This report is responding to a query raised by the Board and not been subject to any external consultation

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The report in itself does not have any implications for equality or cohesion, although it shall be noted that the Council's budget process is subject to a full equality impact assessment.

4.3 Council policies and City Priorities

4.3.1 There are no implications for Council policies or priorities.

4.4 Resources and value for money

4.4.1 There are no resource implications at this time.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal, access to information or call in implications of this report.

4.6 Risk Management

4.6.1 The Council's financial planning processes are subject to risk management arrangements.

5 Conclusions

5.1 The identification and monitoring of savings and efficiencies is at the heart of the Council's financial planning and monitoring. The Council has in place well embedded arrangements to ensure that savings and efficiencies are identified as part of the planning process and then delivery and reporting as part of the Council's budget monitoring processes.

6 Recommendations

6.1 Members are asked to note the contents of this report.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.