

Agenda - Part 1 Item: 11
Subject: Savings Monitor Update
2017/18
Wards: All

MEETING TITLE AND DATE:

Audit & Risk Management Committee
 1st November 2017

Report Of:

Executive Director of Finance, Resources
 and Customer Services

Contact:

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1. EXECUTIVE SUMMARY

1.1 This report aims to provide an overview of the savings monitoring process. The report sets out the method of determining and categorising savings within the Medium Term Financial Plan and shows the monitoring process which is undertaken in determining the progress in achieving the savings.

2. RECOMMENDATIONS

It is recommended that Audit & Risk Management Committee:

2.1 Note the contents of this report.

2.2 Refer to the appendices setting out the latest position on the savings monitoring by service department, which will be presented to Cabinet as part of the September 2017 Revenue Monitoring Report.

3. BACKGROUND

3.1 As part of the annual budget setting process, service departments are required to find budget savings in order to balance the Council's overall finances in light of cuts to Government funding and other pressures which arise.

3.2 Savings are categorised according to the perceived difficulty in achieving them, using a traffic light system and associated risk score as follows:-

Risk Analysis:		Colour Coding	Risk Score (0 being lowest risk)
Blue	Achieved	Blue	0
Green	On track to achieve	Green	1-4
Amber	Some risk to achievement	Amber	5-8
Red	High risk to achievement	Red	9-10

3.3 As part of the monthly Revenue Monitoring process, a summary of the savings is produced setting out the latest progress against achievement of the savings. It is sometimes the case that the original classification for a saving will have changed as further work has been undertaken to address the issues in achieving the saving.

4. 2017/18 SAVINGS MONITORING

- 4.1 As part of the 2017/18 budget setting process new departmental savings and the achievement of increased income totaling £11.2m and full year effects of previous year's savings of £13.3m were agreed, resulting in an overall total of £24.5m savings to be made in 2017/18.
- 4.2 We have improved the robustness of the savings monitor for 2017/18, working with service departments the finance team have enhanced the monitoring arrangements through the introduction of a risk based approach, using a number from one to ten which helps to show members progression the delivery of the 2017/18 savings proposals. To further aid the monitoring process a pro-forma is completed for each saving in the 2017/18 budget where it has been rated as amber or red which details the reason for the risk status and what alternatives and actions are being taken to ensure that the risk is mitigated. The Executive Directors regularly meet with the Leader of the Council to provide an update on the progress of these red and amber rated savings.
- 4.3 Of this £24.5m, approximately £2.8m (11%) is currently classified as Blue, £13.2m (54%) is classified as Green, £4.7m (19%) classified as Amber and £3.9m (16%) is classified as Red. With the level of savings required in recent years the situation is now such that achieving new savings is becoming more difficult. This is reflected in the traffic light profile set out above.
- 4.4 The table and graph in Appendix A to this report reflects the progress of departments in achieving this year's savings, the chart in Appendix B reflects these savings broken down by risk category.

5. ALTERNATIVE OPTIONS CONSIDERED

Not applicable to this report.

6. REASONS FOR RECOMMENDATIONS

To ensure that Members of the Audit and Risk Management Committee are aware of the latest position regarding the achievement of planned savings in 2017/18.

7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1 Financial Implications

As the Section 151 Officer, the Director of Finance, Resources & Customer Services is required to keep under review the financial position of the Authority. The monitoring of planned savings is part of this work and is considered each month at Departmental Management Teams and also at CMB.

7.2 Legal Implications

There are no specific legal implications relating to this report.

7.3 Property Implications

There are no specific property implications relating to this report.

8. KEY RISKS

There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the Medium Term Financial Plan:-

- Achievement of challenging savings targets.
- State of the UK economy - which impacts on the Council's ability to raise income from fees and charges and on the provision for bad debt.
- Uncontrollable demand-led Service Pressures e.g. Adult Social Care, Child Protection etc.
- Potential adjustments which may arise from the audit of various Grant Claims.
- Movement in interest rates.

9. IMPACT ON COUNCIL PRIORITIES

- 9.1 **Fairness for All** – The recommendations in the report fully accord with this Council priority.
- 9.2 **Growth and Sustainability** – The recommendations in the report fully accord with this Council priority.
- 9.3 **Strong Communities** – The recommendations in the report fully accord with this Council priority.

10. EQUALITIES IMPACT IMPLICATIONS

The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

The Council does not discriminate on grounds of age, colour, disability, ethnic origin, gender, HIV status, immigration status, marital status, social or economic status, nationality or national origins, race, faith, religious beliefs, responsibility for dependants, sexual orientation, gender identity, pregnancy and maternity, trade union membership or unrelated criminal conviction. The Council will promote equality of access and opportunity for those in our community who suffer from unfair treatment on any of these grounds including those disadvantaged through multiple forms of discrimination.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

The report provides clear evidence of sound financial management and efficient use of resources.

12. HR IMPLICATIONS

There are no Human Resources implications arising directly from this report.

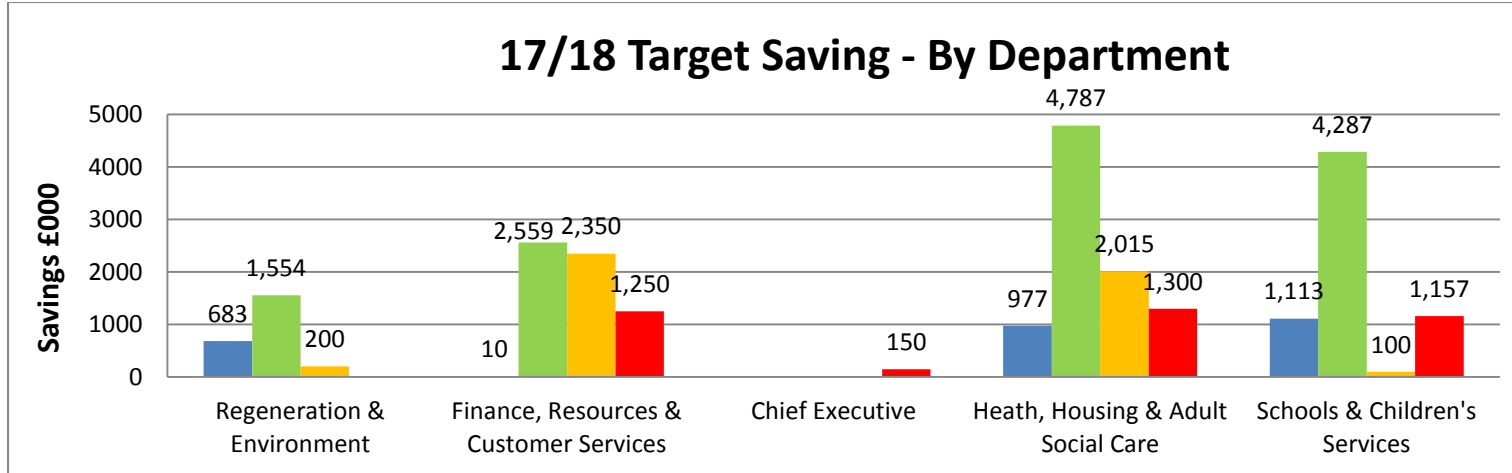
13. PUBLIC HEALTH IMPLICATIONS

There are no Public Health implications arising directly from this report.

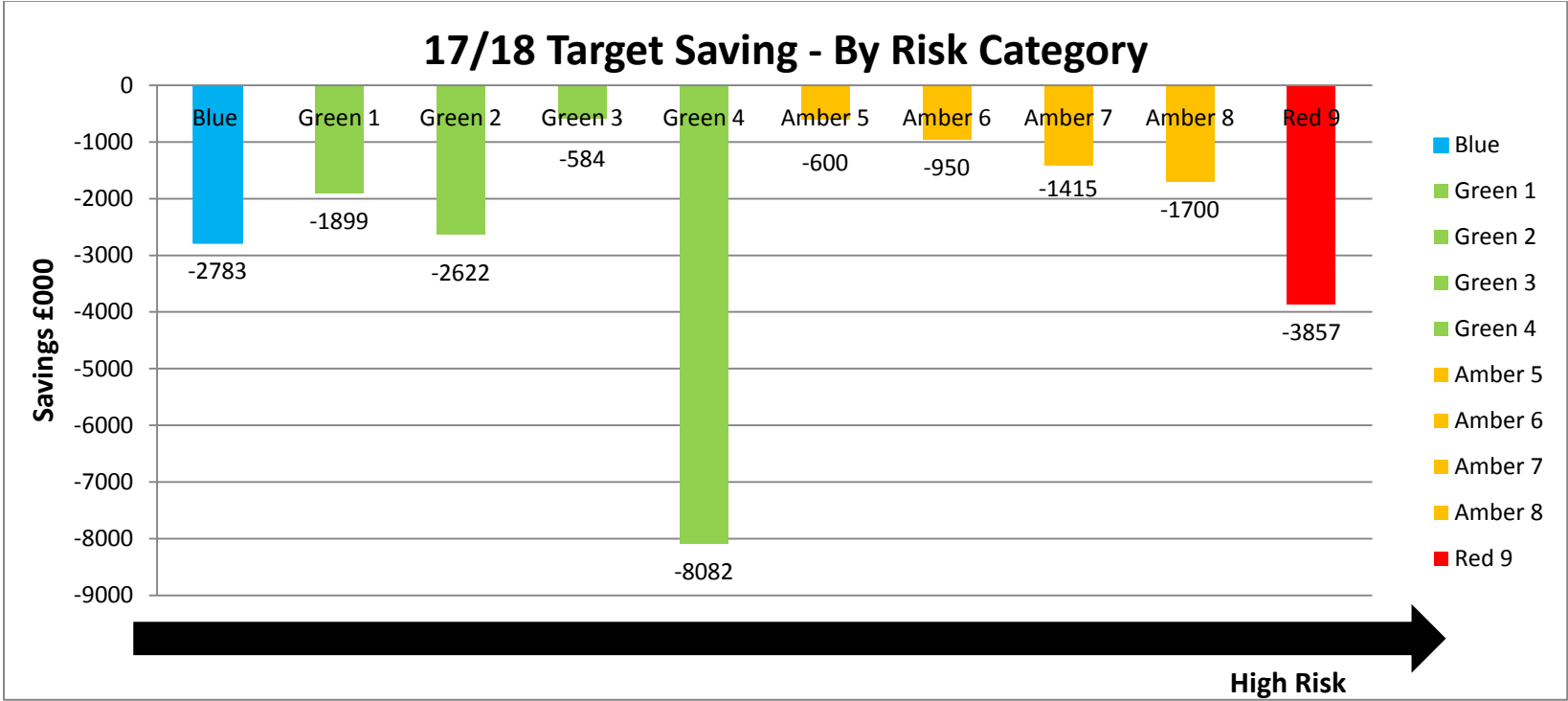
**Savings Monitoring 2017/18
Summary Position – September**

Appendix A

17/18 Target Saving – By Department	Blue		Green		Amber		Red		Total
	£000's	%	£000's	%	£000's	%	£000's	%	£000's
Regeneration & Environment	(683)	28%	(1,554)	64%	(200)	8%		0%	(2,437)
Finance, Resources & Customer Services	(10)	0%	(2,559)	41%	(2,350)	38%	(1,250)	20%	(6,169)
Chief Executive		0%		0%		0%	(150)	100%	(150)
Heath, Housing & Adult Social Care	(977)	11%	(4,787)	53%	(2,015)	22%	(1,300)	14%	(9,079)
Schools & Children's Services	(1,113)	17%	(4,287)	64%	(100)	2%	(1,157)	17%	(6,657)
Total New Savings for 2017/18	(2,783)	11%	(13,187)	54%	(4,665)	19%	(3,857)	16%	(24,492)
									(24,492)



Appendix B



Risk Analysis Key:		Risk Score (0 being lowest risk)
Blue	Achieved	0
Green	On track to achieve	1-4
Amber	Some risk to achievement	5-8
Red	High risk to achievement	9-10

Appendix C

Highest Risk Savings	Directorate	Risk Score	Amount for 17/18 (£'000)
1.Supporting People Phase 3	HHASC	R9	(1,300)
2.Property - Bund Income Ph 1	FR&CS	R9	(750)
3.Traded Services with schools and other Education Services	SCS	R9	(500)
4.Future income generated from IT	FR&CS	R9	(300)
5.SEN Transport	SCS	R9	(250)
6.NRPF anti-fraud exercise	SCS	R9	(240)
7.Property - Bund Income Ph 2	FR&CS	R9	(200)
8.Increased volume of Land Charges fees	CEX	R9	(150)
9.Leaving Care - review of most expensive support packages	SCS	R9	(125)
10.Reduction in management costs	SCS	R9	(42)