



OVERVIEW AND SCRUTINY BOARD

6 September 2018

Subject Heading:

**Update of the Council's approach to
Financial Strategy and monitoring**

SLT Lead:

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Policy context:

**This report is designed to give
members an overview of Council
Financial Strategy and monitoring
process.**

SUMMARY

This report presents an overview of the way the Council sets its budget and MTFs each year and how it then monitors the budget on a monthly basis

RECOMMENDATIONS

This report is for noting and discussion at Overview & Scrutiny Board.

REPORT DETAIL

In February each year Council sets the Council Tax level and agrees a balanced budget for the following year. This report will also include an update on the Council's medium term financial strategy over the next four years. This will include projections of future pressures and grant reductions giving a financial gap to be closed by savings and increases in income.

In February 2018 full Council set a balanced budget for 2018/19. This budget was underpinned by £19.5m of savings which had been approved by Council and were built into the budget. This budget position is robustly monitored on a monthly basis. All managers complete monthly budgetary returns which are collated into a report firstly for senior management and then on to the member area overview on the intranet. This report includes a section setting out progress against the savings included in the budget.

The Period 3 monitoring report to the end of June is attached to this report as **Appendix A**. As you will see the report shows a potential pressure of £3.4m on the revenue budget. Early identification of the revenue position allows officers to develop action plans to mitigate and contain such pressures and also to inform the future year planning process should the pressure be an unavoidable ongoing issue (for example greater than expected demographic pressures).

The Medium Term Financial Strategy is also updated throughout the year to inform the position for 2019/20 – 2022/23. A recent report to the Cabinet in July updated the latest position and set out both the Council's budget consultation strategy and proposed journey to balance the 2019/20 budget. Since then officers have been working hard to prepare business cases for the transformational savings proposals.

There will be a further update to Cabinet in November which sets out the latest position including the results of the consultation and resulting proposed savings. This will then enable Councillors to take decisions over the required level of Council Tax and inform the full Council Tax setting report to Council in February 2019.

IMPLICATIONS AND RISKS

Financial Implications and Risks

The financial implications of the Council's MTFS and budget monitoring are the subject of this report and are therefore set out in the body of this report.

Legal Implications and Risks

Under S151 of the Local Government Act 1972 a local authority has to make proper arrangements for the administration of its financial affairs.

Under S 28 of the Local Government Act 2003 a local authority has to review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget.

The Council is under a duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." s 3 Local Government Act

1999. As part of that process it must consult tax payers, those who use or are likely to use services and others who may have an interest in an area where the Council carries out its functions.

Human Resource Implications and Risks

The Council continues to work closely with its staff and with Trades Unions to ensure that the effects on staff of the savings required have been managed in an efficient and compassionate manner. All savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy and associated guidance.

Equalities and Social Inclusion Implications and Risks

Havering has a diverse community made up of many different groups and individuals. The Council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, gender, race and disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.

All proposals relating to the Medium Term Financial Strategy for the period 2019/20 to 2022/23 will be subject to an Equality Impact Analysis or assessment, which will be developed following the consultation process for inclusion in the further reports to Cabinet before the budget is finalised in February 2019.

BACKGROUND PAPERS

July 2018 Cabinet - Update of the Council's Medium Term Financial Strategy (MTFS) and budget for 2019/20