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To: Governance and Audit Committee – 27 Jan 2016

Subject: Update on savings Programme

Classification: Unrestricted

Summary: This report asks Members to note the position on the progress towards the 2015-16 and 2016-17 budget savings

FOR ASSURANCE

1. 2015-16

- 1.1 The savings target for the 2015-16 financial year was £83.1m. This is the 5th year that we have had a significant savings target with savings of over £433m being achieved since 2010-11. As each year passes, the savings are more difficult to realise.
- 1.2 The reality of this has been demonstrated in the monitoring in 2015-16; with a large overspend being reported in each report to date. The last monitoring report that went to Cabinet on the 30 November reported an overspend of £6.6m after management action.
- 1.3 Corporate Directors are actively working towards ensuring that the Council's outturn position is breakeven by the end of the financial year, but the effort to achieve this should not be underestimated.
- 1.4 Much of the forecast overspend is as a result of higher than budgeted demand for social care. Evidence suggests that the budgeted savings from transformation are being delivered, but this is being offset by higher demand and rising costs.
- 1.5 Given the above information, Members should be assured that the budgeted savings of £83m have largely been delivered.

2. 2016-17

- 2.1 The budgeted savings as shown in the draft budget book are £94.3m. Given the above issues, robust and accurate financial monitoring is imperative from the start of the financial year. The process of RAG rating all of the £94m is a continuous one, with the intention that by the time the final draft budget is released in early February, there are no Red (R)

savings in the budget, with the majority being Green (G) and between a quarter and a third being Amber (A).

3. Recommendation

- 3.1 Members are asked to NOTE for assurance the progress on the 2015-16 and 2016-17 revenue budget savings.

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