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To: Governance and Audit Committee – 25 January 2017

Subject: Update on Savings Programme

Classification: Unrestricted

Summary: This report asks Members to note the position on the progress towards the 2016-17 and 2017-18 budget savings

FOR ASSURANCE

1. 2016-17

- 1.1 The savings target for the 2016-17 financial year was £81m. This is the 6th year that we have had a significant savings target with savings of over £514m 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 2016-17; with a large overspend being reported in each report to date. The monitoring report that went to Cabinet on the 23 January reported an overspend of £6m after Corporate Director adjustments and roll forward requirements, including £2m on the Asylum Service.
- 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 children's social care, which has affected the ability to deliver the budgeted savings in that service, and pressure on SEN transport.
- 1.5 However, budget managers are being asked to consider every penny before spending it and Members should be assured that everything possible, other than actions adversely impacting on front-line services, is being done to deliver a balanced budget for 2016/17.

2. 2017-18

- 2.1 The total budgeted savings and income as shown in the draft budget book are £74.9m. This year, the gap has been more difficult than ever to close. 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 £74.9m is a continuous one, and the latest position on that RAG status will be presented to Council on 9 February. If there were to be serious doubt about the delivery of any of the proposed savings, then those savings options would need to be removed from the draft budget proposals.

3. Recommendation

- 3.1 Members are asked to NOTE for assurance the progress on the 2016-17 and 2017-18 revenue budget savings.

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