

Report title	Approach to Financial Sustainability – Savings, income generation and efficiency process
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Department	Assistant Chief Executive (s151)
Exempt?	No
Exemption type	Not applicable
Reasons for exemption	Not applicable

Purpose of report:

To recommend to Full Council

Synopsis of report:

This report follows on from the consideration at Full Council in July of a process for the identification and delivery of savings, income generation opportunities and efficiencies, designed to underpin the Council’s financial sustainability. The report proposes an amended process that includes the relevant Service Committee when considering the output from Service Reviews.

Recommendation:

That Corporate Management Committee recommend to Full Council the amended approach set out in the report for the identification and delivery of savings, income generation and efficiencies.

1. Context and background of report

- 1.1 In July 2023, a report was considered by the Corporate Management Committee that provided an update to the actions set out in the Medium-Term Financial Strategy approved by Full Council in February 2023. The aim of these measures over the medium term being to reduce reliance on working balances to meet budget shortfalls and build capacity within the general revenue fund to support capital spending, enabling the Council to meet its strategic objectives.
- 1.2 As part of this update, the report set out a process for the identification and delivery of savings, income generation opportunities and efficiencies alongside proposals to increase the level of transfers to existing earmarked reserves and to create two new reserves, designed to underpin the Council’s financial sustainability.
- 1.3 The proposed changes to Reserves were approved in principle, subject to the outturn position for 2022/23 and are referred to in the Provisional Outturn Report elsewhere on the September Corporate Management Committee agenda. The process for savings identification and delivery, which included proposals for a series of Service

Reviews, was recommended to Full Council for consideration on 20th July, where further debate took place. Some Members felt that due to the potential impact on services, greater scrutiny of any proposals coming forward from the Service Reviews would be better provided by the Service Committees, who would have an in-depth understanding of services falling within their remit. Although it was confirmed at the meeting that all information would be shared with the relevant Service Committees, and additionally that Members of those committees could attend the Service Review, Communications and Transformation Member Working Party to provide their input, the recommendation was not agreed. This report therefore sets out an amended process for consideration and onward recommendation to Full Council, so that the essential work of addressing the Council's financial sustainability can move forward.

2. Savings, income generation and efficiencies

- 2.1 Previous reports have set out the necessity for a programme to be implemented to drive forward net savings to the Council's Revenue budget. The first quarter Budget Monitoring Report, also on this agenda, reinforces the need to take action to address the future, anticipated budget shortfall.
- 2.2 The bulk of the recommended process remains unchanged from that presented to July's Corporate Management Committee and to Full Council (links to both reports are included at the end of this report). The key change, however, is that any recommendations flowing from the consideration by the Service Review, Communications and Transformation Member Working Party of the data and evidence produced following a Service Review, will be made in the first instance to the relevant Service Committee who have responsibility for that service. Following this, the recommendation will progress to the Corporate Management Committee, given the essential part these Reviews are expected to play in improving the long-term financial health of the Council.
- 2.3 As previously noted, all Members will be made aware of the agenda items for all Working Parties and will be able to join those meetings should they wish to learn more and to participate in those discussions. Service Chairs, who all sit on the Corporate Management Committee, will also be able to fully reflect the discussions held at other Service Committees on individual service reviews, and provide that Service Committee's feedback. A map of the process is set out at Appendix 1.
- 2.4 The process above relates to the outcomes of Service Reviews. This is only one part of the overall savings programme, which also includes a raft of individual measures designed to reduce net budget costs. These will be progressed in a number of ways:
 - Simple budget amendments not affecting service delivery will be incorporated as part of the budget setting exercise or implemented throughout the year and reported within regular budget monitoring reporting
 - More complex proposals will come forward with associated business cases to be considered either alongside the budget setting process or taken through the relevant Service Committees for consideration, before being referred to Corporate Management Committee
- 2.5 While an initial capture of net savings ideas has been undertaken with Corporate Heads of Service, it is important to provide both staff and Members with the opportunity to feed in suggestions to the programme. It is intended that a session will be set up in the near future for all Members to contribute to this discussion, while a tool to capture staff ideas is to be developed. It is important to note that this will need

to be an iterative process, to ensure that net budget reductions are achieved, and that a rolling programme of reviews is maintained, in order to deliver best value for Runnymede residents.

3. Policy framework implications

- 3.1 The Medium-Term Financial Strategy (MTFS), which is required to be adopted by Full Council, is an important part of the budgetary framework of the Council, highlighting financial risks, and providing a framework to deliver a sustainable financial position to enable the Council to achieve its strategic objectives. This report builds on the previous update to the actions contained within the MTFS and provides an amended approach to the scrutiny and delivery of outcomes from a programme of Service Reviews, to be rolled out over the life of the MTFS.

4 Resource implications/Value for Money

- 4.1 A robust financial strategy is essential for the delivery of the Council's objectives over the medium term, ensuring that decision-making takes due regard of the financial consequences. The previous financial forecast identified an underlying budget gap that needs to be addressed to ensure the Council is financially sustainable over time and can continue to deliver its corporate priorities, as set out in the Corporate Business Plan. This requires a managed programme of service and budget reviews.
- 4.2 The recommendations of each Review will be supported by full business cases including the expected cost and benefits (financial and non-financial) and a timescale for realising those benefits. Where there is a requirement for pump-priming to support a change to service provision, the business case may include a request to draw down funding from the Service Transformation Reserve which is to be set aside to support the overall savings programme.

5. Legal implications

- 5.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.

6. Equality implications

- 6.1 Equality Impact Assessments will be undertaken, where appropriate, for any new schemes considered as part of these Reviews to enable comprehensive assessments to be undertaken of the impact on Service users.

7. Environmental/Sustainability/Biodiversity implications

- 7.1 Any environmental, sustainability or bio-diversity implications will be considered as part of each Review.

8. Risk

- 8.1 These measures are designed to mitigate financial risk to the Council and assist in the efficient, effective and economic delivery of its Services. If the process is delayed, there is a risk that the Council will not achieve the net budget reductions required to ensure its longer-term financial stability and sustainability.

9. Timetable for Implementation

- 9.1 Meetings of the Service Review, Communications and Transformation Working Group commence in September. The first reviews will commence shortly thereafter with regular feedback on progress to the Working Party. Once Reviews are completed, and any recommendations have been through the approval process outlined above, the financial implications will be built into updates of the Medium-Term Financial Forecast. Progress will be monitored via the Overview and Scrutiny Select Committee. Timing will depend on the agreed scope of the Reviews, the resources available to carry out the reviews, and the Committee timetable.
- 9.2 Implementation timescales for the output of Reviews will be included in their individual business cases when considered for approval.

10. Background papers

[Agenda Supplement for Full Council, 20/07/2023](#)

[Agenda Supplement for Corporate Management Committee, 13/07/2023](#)

11. Appendices

Appendix 1 – Service Review Programme Governance