

Report to:	EXECUTIVE CABINET
Date:	29 September 2021
Executive Member:	Councillor Oliver Ryan – Executive Member (Finance and Economic Growth)
Reporting Officer:	Kathy Roe – Director of Finance
Subject:	SAVINGS DELIVERY 2021/22
Report Summary:	The report provide Members with an update on the savings monitoring exercise for delivery of 2021/22 savings, and highlights any risks or delays to delivery.
Recommendations:	Members are asked to note the progress report and risk areas for delivery in 2021/22 and future years savings.
Corporate Plan:	The Corporate Plan helps determine the priorities for Council spending and informs the budget priorities and Medium Term Financial Planning.
Policy Implications:	Budget is allocated in accordance with Council Policy
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	On 23 February 2021 Full Council approved a budget that includes £8.930m of savings to be delivered during 2021/22. The Medium Term Financial Plan assumes that a further £4.921m of savings will be delivered in 2022/22. If the savings plans for 2021/22 and 2022/23 are delivered in full, the Council is still forecast to face a budget gap of over £14m in 2022/23. The monitoring and reporting of savings delivery is crucial to ensure that they are on track and to enable Officers to take action if there are indications that delivery is not as planned or behind schedule.
Legal Implications: (Authorised by the Borough Solicitor)	<p>Legislation is clear that every councillor is responsible for the financial control and decision making at their council. The Local Government Act 1972 (Sec 151) states that “<i>every local authority shall make arrangements for the proper administration of their financial affairs...</i>” and the Local Government Act 2000 requires Full Council to approve the council’s budget and council tax demand.</p> <p>Every council requires money to finance the resources it needs to provide local public services. Therefore, every councillor is required to take an interest in the way their council is funded and the financial decisions that the council takes.</p> <p>A sound budget is essential to ensure effective financial control in any organisation and the preparation of the annual budget is a key activity at every council. Budgets and financial plans will be considered more fully later in the workbook, but the central financial issue at most councils is that there are limits and constraints on most of the sources of funding open to local councils. This makes finance the key constraint on the council’s ability to provide more and better services.</p> <p>Every council must have a balanced and robust budget for the forthcoming financial year and also a ‘medium term financial strategy (MTFS)’ which is also known as a Medium Term Financial Plan (MTFP). This projects forward likely income and expenditure</p>

over at least three years. The MTFS ought to be consistent with the council's work plans and strategies, particularly the corporate plan. Due to income constraints and the pressure on service expenditure through increased demand and inflation, many councils find that their MTFS estimates that projected expenditure will be higher than projected income. This is known as a budget gap.

Whilst such budget gaps are common in years two-three of the MTFS, the requirement to approve a balanced and robust budget for the immediate forthcoming year means that efforts need to be made to ensure that any such budget gap is closed. This is achieved by making attempts to reduce expenditure and/or increase income. Clearly councillors will be concerned with any potential effect that these financial decisions have on service delivery.

Risk Management:

Associated details are specified within the presentation.

Failure to properly manage and monitor the Strategic Commission's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position

Background Information:

The background papers relating to this report can be inspected by contacting Heather Green



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1. INTRODUCTION

- 1.1 Tameside Council has been through a prolonged period of austerity since 2010 in which it has seen real term funding cuts, whilst delivering budget reductions of £180m and workforce reductions of c.2,500 (40%). The COVID pandemic has further tested the resilience of the Council and it is facing new financial challenges including:
- An increase in the 2021/22 financial gap (prior to the budget) from £19m to over £30m;
 - After the 2021/22 budget proposals were approved, a gap of £14m for 2022/23;
 - Uncertain funding future including another one year financial settlement for 2021/22 and key reviews that will affect our funding through the fair funding review; business rates reform and Adult Social Care green paper; and
 - Another reorganisation of the NHS.
- 1.2 The one year settlement for 2021/22, whilst better than expected, was made up of predominately one off funding sources, with the exception of an option to increase Council Tax by up to 5%, lower than expected living wages increases and a public sector pay freeze. It has though bought some time and combined with £9m of proposed savings for 2021/22, enabled the Council to set a balanced budget for 2021/22.
- 1.3 If savings of £8.930m are delivered in 2021/22 and a further £4.921m of savings delivered in 2022/23, the Council still faces a forecast budget gap of more than £14m in 2022/23. It is therefore important that the Council embarks on early forward planning for 2022/23 and beyond. In order to meet the challenges of the 2022/23 financial year it is vital that all the proposed savings for 2021/22 are delivered. The monitoring and reporting of this is crucial to ensure that they are on track and to take action if there are indications that delivery is not as planned or behind schedule. Finance will build upon the current risk ratings that have been developed for current proposals and work with the services to understand progress, both challenging and supporting delivery

2. MONITORING OF SAVINGS DELIVERY

- 2.1 Progress on the delivery of proposed savings as part of the 2021/22 budget process is being monitored on a monthly basis, with a proportion of schemes reviewed in detail at different points during the year. All directorates completed an implementation template as part of their original proposals. The reporting schedule has been tailored to align with key implementation points of proposals that were assessed to be a red or amber risk to assure members that delivery is on track. As part of this reporting it is expected that Directorates complete the implementation section of the original savings templates and these detailed plans will be reviewed by the Senior Leadership Team.
- 2.2 **Appendix 1 and 2** provide further detail on the current status of savings to be delivered during 2021. **Appendix 3** provides a more detailed update on progress across the cross cutting themes. Key messages are as follows:
- Since the update to Board in July, one saving has moved to Red (AD1) where only part of the saving is now expected to be delivered.
 - The RAG rating for the Adults saving (AD1) relating to accommodation savings has been changed from amber to red as it now looks unlikely that the saving will be delivered in full. Savings of £360k against budget are now forecast against a target of £665k (previously this was forecast to deliver in full). Savings of £277k have been realised already and further planned moves are expected to add to this to bring the total to £360k. The shortfall in the planned saving is in part due to some planned moves not being possible due to changes of circumstances and an increase in the level of support required. In addition, the service is facing additional cost pressures due to lack of available housing and increased demand, including a number of high cost placements which were not known at budget setting. Work continues to try to

reduce placement costs and avoid out of borough placements, with an estimated £1.172m of cost avoidance attributed to close oversight of placements.

- Despite the increase in red rated schemes, the overall position is more positive as Directorates have identified more mitigating savings to offset any delays or non delivery of the original planned savings. Total forecast savings in 2021/22 are now £8,948k which is £18k more than the original savings plan.
- Of the original planned savings, £1,003k is not now expected to be delivered either because the original plan is unachievable or because savings will deliver a lesser amount than previously estimated.
- Green savings are now expected to deliver £382k more than originally planned and Directorates have identified a further £638k of mitigating savings to offset partial or non-delivery of red and amber savings.

3. RECOMMENDATIONS

- 3.1 As set out at the front of the report.