

P12: Proposal for Improvement

Further strengthen the Council's financial planning processes by:

- a. developing more explicit links between the Medium Term Financial Plan and the Council's improvement planning arrangements;
- b. strengthening links between the Medium Term Financial Plan and service plans;
- c. ensuring that savings proposals owned by Directorates are linked to the Organisational Development Programme where relevant, are fully costed, and that delivery is driven by the Organisational Development Programme Board; and
- d. ensuring all budget savings plans are fully developed as appropriate with realistic timescales when the annual budget is set.

The Council's Medium Term Financial Plan (MTFP) identifies a budget reduction requirement arising from funding reductions, inflationary and demand pressures. The 2016/17 Budget Report marks an improvement to the Medium Term Planning Process in that it identifies a draft solution to the budget gap for 2017/18 and 2018/19 with a clear direction of travel targeted for 2019/20.

The savings identified as part of this solution were identified as part of an exercise aimed at reshaping the Council's base budget in a way that considered statutory minimum levels of service, the Council's Reshaping Services Programme and Target Operating Model.

The Council's corporate plan, budget and MTFP are developed concurrently, and work is undertaken to ensure their compatibility and consistency. This will be further strengthened.

At a directorate level, as noted above, the Council's approach to identifying a solution for addressing the Medium Term budget gap was based on an exercise that was underpinned by the Council's Target Operating Model. The proposed solution for the medium term should therefore have close synergies with service plans.

Steps have also been taken to ensure that there are clear links between directorates' medium term savings proposals and the Organisation Development Programme's focus on accelerating the shift to online services, facilitating alternative delivery models, increasing revenue from commercial activity and reducing the Council's asset base. Issues arising from both the Organisational Development Programme and the development of budget strategy are considered at Senior Management Team (SMT) on a recurring basis.

In order to ensure that budget savings plans are fully developed with realistic timescales, a series of officer challenge sessions are held following submission of proposals in September. Due diligence considerations are continued throughout the budget setting process. Furthermore, in identifying savings proposals, directorates are required to indicate their planning status, residual and achievability risk along with mitigating actions, and to outline the next steps and key milestones to achieving the saving. They are also asked to outline impacts on capital programme, employee implications and severance costs to give a rounded view of the proposal's implications.

Enhancements have been made to this process as part of 2016/17 budget setting and directorates were requested by Finance to undertake regular review of the planning status of their proposals, with continued emphasis on moving towards a detailed planning stage. Regular updates on the planning status of proposals were supplied into SMT and Informal Cabinet to ensure ongoing momentum. This is evident in the increase in the percentage of budget proposals that were at detailed planning stage at the time of the 2016/17 Budget Report. A total of 90.5% were realised or at detailed planning stage, compared to 82.4% in the 2015/16 budget report.

A further improvement for 2016/17 is the inclusion within the Budget Report of proposals to fully address the Medium Term budget gap for 2017/18 and 2018/19, with a direction of travel set for 2019/20. Post budget setting, this will enable focus to move directly to development and challenge of proposals for 2017/18, with less time and effort during the early part of the year expended on a detailed target-setting exercise. This should enable directorates to move to a detailed planning stage much earlier in the process.

Ref	Action	Timescale	Responsible Officer (s)	
P12a	Develop more explicit links between the MTFP and improvement planning arrangements as part of the 2017/18 budget process	December 2016	Corporate Resources	Director,
P12b	Strengthen the link between the MTFP and service plans as part of 2017/18 budget preparation work	December 2016	Corporate Resources	Director,
P12c	Review, as part of Budget Strategy, the opportunities to enhance linkages between savings proposals from Directorates and the ODP	July 2016	Corporate Resources	Director,
P12d	Continue - and build upon - approach adopted for 2016/17 budget	March 2017	Corporate Resources	Director,