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**FINANCIAL RESILIENCE**

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**Purpose of Report**

1. To prepare Members for an item at their 12 May 2015 meeting on the Council's current and projected financial position and resilience.

**Background**

2. This Committee has responsibility within its Terms of Reference to: *“scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.”*
3. The Council's 2015/16 Budget Report (February 2015) contained the following Financial Implications from the Council's Corporate Resources Director and Section 151 Officer, Christine Salter:

*“...it is important to reiterate the materiality of the service choices ahead for the Council. In particular, anything other than a radical reduction and reset of the Council's services will, over the life of the MTFP, lead to financial resilience issues for the Council.*

*“Against this backdrop members will need to consider whether the choices made to date and planned for the future are commensurate with the scale of financial challenge over the medium term. Cabinet will need to consider these choices again as part of the 2016/17 Budget Strategy Report in July 2015.*

*“As well as highlighting the financial challenges in the medium term, the role of the Section 151 Officer is to advise members if the Council risks setting an unbalanced budget. I do not consider this to be the case in 2015/16.”*

4. During its Budget Scrutiny meeting on 9 February 2015, the Committee discussed these issues with the Corporate Resources Director, and expressed their discomfort in the Chair’s letter that followed the meeting about the Council’s preparedness for facing this scale of financial challenge.
5. Following consideration of the Organisational Development Programme on 31 March, the Chair’s letter to Councillor Graham Hinchey (Cabinet Member for Corporate Finance and Performance) said that:

*“Members feel the progress report provided was incomplete, in that it did not fully address the financial position and resilience of the Council.*

*“Members were pleased to hear the Chief Executive give his commitment to ensure that a future progress report would provide clarity about the financial position and resilience of the Council,*

6. Since sending the above letter, the Committee has committed to an additional meeting in the same week as its standard monthly May meeting. It is prudent to allocate topics in a timely manner to ensure sufficient committee time is available for in depth scrutiny. The Chair has therefore programmed consideration of the Council’s financial resilience on 12 May, and further consideration of progress of the Organisational Development Programme for its 2 June meeting.

## **Way Forward**

7. The Corporate Resources Director is currently preparing the Council’s Budget Strategy Report for 2016/17, and – mindful to ensure that elected Members of this

Council remain informed about the Council's current and projected financial situation – circulated a presentation on 1 May 2015 (attached at **Appendix A**) that she plans to deliver later this month. This is in preparation for a briefing session which Members can attend either at 6pm on Wednesday 20 May, or at 3.30pm on Thursday 21 May prior to the annual council meeting.

8. At the Committee's 12 May meeting the Council Leader, Councillor Phil Bale, will attend with the Chief Executive, and Corporate Resources Director, to provide Members with a technical update on Financial Resilience, and the Medium Term Outlook. This update will inform the committee's further scrutiny of the Programme of Organisational Change, and how it is meeting the level of financial challenge, programmed for 2 June 2015. Councillor Bale, the Chief Executive and Corporate Resources Director will be available to answer questions that Members might have on this topic.

### **Legal Implications**

9. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

10. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

### **Recommendation**

The Committee is recommended to note the content of this report and appendices and the information provided at the meeting, and decide whether it wishes to take any further actions, or request any further information.

**MARIE ROSENTHAL**

County Clerk and Monitoring Officer

5 May 2015