

Report to: Cabinet

Date of Meeting: 19th January 2012

Subject: Transformation Programme 2011/12 Update

Report of: Chief Executive

Wards Affected: All

Is this a Key Decision? No.
This report is not a key decision in itself but forms part of the process for setting the Council's budget and Council Tax.

Is it included in the Forward Plan? Yes

Exempt/Confidential

No

Purpose/Summary

Final report on the progress of the Transformation Programme - delivery of approved budgetary savings 2011/12.

Recommendation

- a) That a further £112,000 of unachievable savings for 2011/12 be met from the Budget Pressures Reserve
- b) That any shortfall in the achievement of the £768,000 2011/12 savings listed in paragraph 2.4 be funded from in-year Council budget underspends to be met from Budget Pressures Reserve.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community			√
2	Jobs and Prosperity			√
3	Environmental Sustainability			√
4	Health and Well-Being			√
5	Children and Young People			√
6	Creating Safe Communities			√
7	Creating Inclusive Communities			√
8	Improving the Quality of Council Services and Strengthening Local Democracy			√

The 2011/12 budget contains £44m savings and implementation has been closely monitored so that any necessary corrective action can be taken in a timely way. In addition, the Council continues to forecast a significant budget gap over the next three years and additional budget savings will need to be identified over the coming months to ensure that future years' budgets can be balanced. A separate report Transformation Programme 2011- 2014 appears elsewhere on the agenda.

What will it cost and how will it be financed?

FD 1295 The Head of Corporate Finance and ICT has been involved in the preparation of this report.

(A) Revenue Costs

The forecast revenue gaps for the years 2012/13 to 2014/15 are £20.05m, £7.6m and £10.9m respectively. The Council needs to take action over the coming months in order for a balanced budget to be agreed for 2012/13.

(B) Capital Costs

This matter is considered in further detail in the Transformation Programme 2011-2014 report elsewhere on the agenda.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal LD 637/12

There are no direct legal implications arising from the contents of this report. However in the course of each of the individual approved proposals to achieve the savings detailed consideration should be given to the legal, human rights and equality implications. Such consideration will also need to be evidenced to ensure that the Council's decision making processes are defensible.

Human Resources; Currently there are 23 individuals formally at risk of redundancy as a result of service reorganisations and cessation of external funding.

Equality

1. No Equality Implication	<input type="checkbox"/>
2. Equality Implications identified and mitigated	<input checked="" type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

Previously reported

What consultations have taken place on the proposals and when?

Regular consultations have taken place with Strategic Directors, Director of Built Environment, Director of Street Scene, Director of Young People & Families, Director of Older People, Director of Corporate Support Services and Director of Commissioning, Head of Personnel, Head of Corporate Finance & ICT, Head of Legal Services and Trade Unions.

Are there any other options available for consideration?

None

Implementation Date for the Decision

Not applicable

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Background Papers:

The following papers are available for inspection by contacting the above officer(s).

Reports to Cabinet and Council 3 March 2011: Transformation Programme and Final Revenue Budget Items 2011/12

Report to Cabinet 14 April 2011: Transformation Programme 2011/12

Report to Cabinet 26 May 2011: Transformation Programme 2011-2014

Report to Cabinet 23 June 2011: Transformation Programme 2011-2014

Report to Cabinet 21 July 2011: Transformation Programme 2011-2014

Report to Cabinet 18 August 2011: Transformation Programme 2011- 2014

Transformation Update Report September 2011

Report to Cabinet 13 October 2011: Transformation Programme Update

Report to Cabinet 10 November 2011: Transformation Programme Update

1. Introduction/Background

- 1.1 The approved savings within the 2011/12 budget have been and will continue to be very closely monitored and this is the final report in the series of reports to Cabinet during the year.

2. Transformation Programme 2011/12 Update

- 2.1 In the November 2011 monitoring report of the £43,912,282 approved savings for 2011/12, £37.8m were reported as having been delivered with a further £2.3m on target to be achieved within the financial year. The report "red flagged" £1.4m of savings that would not be achieved in 2011/12 but, in the main, would be delivered for 2012/13 and later years; these have previously (October 2011) been agreed to be funded from the Budget Pressures Reserve this year.
- 2.2 Of the remaining savings, £1.5m relates to the withholding of inflation uplift for care providers and has been reflected in the payments made during the year. However the issue has been the subject of judicial review and the process is ongoing; therefore provision may need to be made in the accounts in the event if the outcome is not in the Council's favour.
- 2.3 The £112,000 savings from re-negotiating the contract with Capital Symonds will not now be achieved and the amount will now need to be found from the Budget Pressures Reserve.
- 2.4 The remaining balance of savings, £0.798m are still in the process of implementation, but will be fully delivered for 2012/13. Some compensatory savings have been found for particular savings in the current year reducing the figure to £0.768m but at this stage it is difficult to give an accurate forecast of the actual values of the remaining agreed savings that will be achieved by 31 March. It is therefore recommended that any remaining balance from the list below be met from the Budget Pressures Reserve at 31 March.

Description of saving	Value 2011/12	Additional Comments
Management & Support Costs - 25% reduction (including Learning & Development Review)	£698,000	Original saving £4.189m of which £3.491m achieved. Further reviews in progress and notice periods being worked. Full year savings will be achieved in 2012/13.
arvato contract	£70,000	Full saving £430k of which £360k achieved. The 2012/13 budget negotiations will address this shortfall from 2012/13 onwards.
Total	£768,000	

2.5 In November the workforce was written to advising of the continuing availability of VER/VR. Requests continue to be channelled through the Transformation Team. The tables below detail the latest position of expressions of interest in Voluntary Early Retirement/Voluntary Redundancy (VER/VR) and the savings that have been and will be made from the requests that have been agreed.

Expressions of Interest approved by Cabinet December 2009	50
Expressions of Interest approved by Chief Executive (since 3 rd December 2009)	246
Expressions of Interest declined since September 2009 – this includes potential bumps	39
Expressions of Interest decision pending	116
Expressions of Interest withdrawn by employee	36

Year	Savings £000
2010/2011	2,526
2011/2012	3,355
2012/2013	724
Total	6,605

The above savings have been incorporated into approved savings proposals, where appropriate. The opportunity for staff to express interest in VER/VR remains open, and is positively promoted.