

Report to: Cabinet

Date of Meeting: 13 December 2012

Subject: Transformation Programme 2012/2013 - Budget update

Report of: Head of Corporate Finance & ICT **Wards Affected:** All

Is this a Key Decision? No **Is it included in the Forward Plan?** Yes

Exempt/Confidential No

Purpose/Summary

To inform Cabinet Members of the progress in achieving of the approved savings for 2012/2013.

Recommendation(s)

Cabinet is recommended to note the progress to date on the achievement of approved savings for 2012/2013.

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		√	

Reasons for the Recommendation:

To ensure Cabinet are informed of the latest position on the achievement of savings for the current financial year and to facilitate the achievement of the savings targets for 2012/2013.

What will it cost and how will it be financed?

(A) Revenue Costs

Any under-achievement of the agreed savings will need to be financed from within any underspending identified within other areas of the 2012/2013 budget, or from the Council's earmarked reserves. A report presented to Cabinet in October agreed that up to £3.169m of earmarked reserves may be required to meet specific areas of non-achievement of savings, unless other savings could be identified within departmental budgets. Further savings have been identified in a number of services, which has now reduced the current identified possible need for earmarked reserves cover to £1.669m.

Any usage of reserves will reduce the amount available to support the phased introduction of savings in future years, unless they can be replenished from revenue savings achieved in the current financial year.

(B) Capital Costs

None.

Implications:

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

Legal	Statutory Duty
Human Resources	None
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD1995/12) and Head of Corporate Legal Services (LD1312/12) have been consulted and has no comments on the report.

Are there any other options available for consideration?

None.

Implementation Date for the Decision

Immediately following call-in.

Contact Officer: Margaret Rawding
Tel: 0151 934 4082
Email: Margaret.rawding@sefton.gov.uk

Background Papers:

None

1. Introduction

- 1.1 Cabinet were presented with a report on 11 October, which provided an update on the achievement of the approved budget savings for 2012/13 (as at the end of August). A number savings were identified as being at significant risk of not being achieved; these totalled some £3.169m. It was agreed that earmarked reserves may be required to finance the non-achievement of these approved savings, unless other departmental budget savings could be identified to reduce the forecast overspend.
- 1.2 This report presents an update (as at the end of October 2012) of the achievement of the 2012/13 financial year approved savings.

2 Approved savings for 2012/13 – Current position

- 2.1 The net saving requirement for 2012/13, agreed by Cabinet on 1 March 2012, was in excess of £20m. The savings agreed included a large number of savings, across a wide range of services. In order for the Council to remain within its financial budget for the year, it is crucial that as much of the identified saving areas are actually achieved during the year. Consequently, regular updates to Members are important.
- 2.2 The table at **Annex 1** identifies the current position of the agreed savings for 2012/2013. They are analysed into four categories: -

- Savings achieved to date (Blue);
- Progress is satisfactory (Green);
- Outcome is unknown and is at risk of not being fully achieved (Amber); and
- Known shortfalls, or significant risk of not being achieved (Red).

This approach is designed to ensure complete transparency, effective risk management and improved consultation and engagement.

It should be noted that individual savings may be categorised into more than one area; for example, part of the work to achieve a required saving may be on track (and a value can be shown in Green), whilst another element is potentially at risk (and therefore shown as Amber).

- 2.3 As mentioned above, Cabinet has previously agreed that earmarked reserves could be used to support the non-achievement of specific approved savings totalling some £3.169m. This was with the proviso that if savings could be achieved within the departmental budget, then the reserves would not be required. Savings have been identified within the Adult Social Care budget, which will cover the “Re-Commission Nursing and Residential Care” saving target. This saving has therefore been moved to the “Blue” achieved category. The need for earmarked reserve support for potential likely areas of overspending has therefore reduced from £3.169m to £1.669m. Other smaller areas of potential underspend have been identified in other departmental budgets. This may mean that unachieved savings to the value of £0.204m may not require support from earmarked reserves. Until these savings are confirmed, they are still shown in the “Red - shortfall with earmarked reserve support” category.

- 2.4 Since the October report, there is one new saving option that is at risk of not being achieved. This is shown in the “Red, At Risk category” i.e. without any earmarked reserve support.
- 2.5 A summary of the current position of the achievement of savings is shown below: -

	£m
Achieved to 31 October 2012 (Blue)	9.835
Progress is satisfactory (Green)	7.739
Review scheduled/risk of saving not being fully achieved (Amber)	1.475
Known shortfalls/significant risk of saving not being fully achieved, <u>with Earmarked Reserve cover</u> (Red)	1.669
Known shortfalls/significant risk of saving not being fully achieved (Red)	0.055
Total Approved Savings	20.773