

**Report to:** Cabinet

**Date of Meeting:** 18 July 2013

**Subject:** 2013/14 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?** No

**Exempt/Confidential** No

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### **Purpose/Summary**

To inform Cabinet Members of the progress in achievement of the approved savings for 2013-2015.

### **Recommendation(s)**

Cabinet is recommended to: -

- i) Note the progress to date on the achievement of approved savings for 2013-2015;
- ii) Approve the establishment of a transformation budget for 2013/14 of £0.180m, to be financed from the Modernisation Fund.

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

	<b><u>Corporate Objective</u></b>	<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
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 2014/2015.

### **What will it cost and how will it be financed?**

#### **(A) Revenue Costs**

Any under-achievement of the agreed savings for 2013/14 will need to be financed from within any under-spending identified within other areas of the 2013/2014 and 2014/15 budgets, or from the Council's earmarked reserves. Any usage of reserves will reduce the amount available to support the phased introduction of savings in future years.

**(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:

<b>Legal</b>	There are no legal implications arising from this report	
<b>Human Resources</b>	None	
<b>Equality</b>		
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 (FD2405/13) and Head of Corporate Legal Services (LD1720/13) have been consulted and any comments have been incorporated into the report.

**Are there any other options available for consideration?**

None.

**Implementation Date for the Decision**

Immediately following call-in.

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**Background Papers:**

None

## 1. **Introduction**

- 1.1 Cabinet approved the 2013/14 budget on 28 February 2013. This included the requirement to achieve savings of £50.800m over the two financial years 2013/14 and 2014/15. There are however savings to be achieved in 2013/14, which were approved by Council in March 2012; these savings total £2.914m and have been shown separately in the attached table for ease of understanding. The total saving target for 2013/14 and 2014/15 is therefore £53.714m
- 1.2 The savings comprised of a large number of amendments to individual service areas. The report presented on 28 February 2013 stated *“Given the scale of the budget reductions any slippage or underachievement will have implications for the financial management of the Council and as such robust management and monitoring arrangements must continue to be operated.”* As part of the process to monitor / manage the budget savings, regular reports will be presented to Cabinet.
- 1.3 In order for the Council to remain within its financial budget, it is essential that as much of the identified saving areas are actually achieved in the appropriate years for 2013/14 & 2014/15. This report presents an update (as at the end of May 2013) on the achievement on all approved savings to be achieved in the 2013/14 financial year (£27.988m). For completeness, any savings for 2014/15, which can be achieved in 2013/14, will also be included.
- 1.4 With regard to the achievement of future savings targets, there is a need to ensure that sufficient capacity exists within the Authority. The need for additional resources is considered further below.

## 2 **Approved savings for 2013-2014 – Current position**

- 2.1 The table at **Annex 1** identifies the current position of the agreed savings for 2013-2014. 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).

2.2 A summary of the current position (as at the end of May 2013) of the achievement of savings is shown below: -

	<b>Total £m</b>
<b><u>2013/14 Saving Target items</u></b>	
Achieved (Blue)	17.458
Progress is satisfactory (Green)	6.350
Review scheduled/risk of saving not being fully achieved (Amber)	2.695
Known shortfalls/significant risk of saving not being fully achieved (Red)	1.485
	<hr/> 27.988
<b><u>2014/15 Saving Target items</u></b>	
Achieved (Blue)	0.225
<b>Total Approved Savings</b>	<hr/> <b>28.213</b> <hr/>

Future reports will also show variances from the current position.

2.3 Whilst it is still early in the financial year, and work is progressing on the implementation of various schemes, the above table gives an indication of the current position against the in-year savings target of £27.988m. At the present time, £24.033m of savings are either “blue” or “green”, leaving some £4.180m currently identified at risk. The position on the schemes will become clearer as the year progresses.

2.4 Members will recall that in approving the two-year savings, approval was given to the implementation of all savings, at the earliest opportunity. Given the above position, it is therefore important that as many of the savings for 2014/15 to be achieved during this financial year.

2.5 Whilst the Council could call upon reserves in 2013/14 to finance a shortfall of this magnitude, the need to utilise these resources to phase in savings in future years, this action would not be advisable.

### **3 Capacity to achieve existing, and identify new saving options, in 2014/15 and 2015/16 Budget**

3.1 The Council needs to ensure that the existing budget savings for 2014/15 can be implemented in time to allow for the full year effect to be achieved in that year. In addition, the anticipated need to make savings in 2015/16 will require options to be identified and appraised as soon as possible. The staffing and support for this process is limited due commitments on existing saving options. An exercise is currently underway to assess the level of capacity required to undertake these tasks.