

**Report to:** Cabinet

**Date of Meeting:** 12 September 2013

**Subject:** Budget Savings Update 2013/14

**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; and
- ii) Note the intended utilisation of earmarked reserves in 2013/14 should other savings not be achieved elsewhere in the budget to bridge the current gap.

### **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 2013/14 budget (or 2014/15 saving targets achieved earlier than planned), 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 (FD252613) and Head of Corporate Legal Services (LD1831/13) 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 additional 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 items have been included in this report.
- 1.2 In order for the Council to remain within its financial budget, it is essential that as much of the identified savings are actually achieved in the appropriate years for 2013/14 & 2014/15.
- 1.3 This report presents an update (as at the end of July 2013) on the achievement on all approved savings to be achieved in the 2013/14 financial year. For completeness, any savings for 2014/15, which can be achieved in 2013/14, have also be included; these savings have been shown separately in the attached table for ease of understanding.
- 1.4 It should be noted that the July 18 Cabinet report presented the position as at the end of May 2013.

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

- 2.1 The table at **Annex 1** identifies the current position of the agreed savings to be achieved in 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 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 July 2013) of the achievement of savings is shown below: -

	July £m	May £m	Variance £m
<b><u>2012/13 Savings to be achieved in 2013/14</u></b>			
Achieved (Blue)	1.575	1.225	+0.350
Progress is satisfactory (Green)	0.300	0.635	-0.335
Review scheduled/risk of saving not being fully achieved (Amber)	0.000	1.054	-1.054
Known shortfalls/significant risk of saving not being fully achieved (Red)	1.539	0.000	+1.539
	3.414	2.914	+0.500
<b><u>2013/14 Saving Target items</u></b>			
Achieved (Blue)	16.734	16.233	+0.501
Progress is satisfactory (Green)	5.096	5.715	-0.619
Review scheduled/risk of saving not being fully achieved (Amber)	2.680	1.641	+1.039
Known shortfalls/significant risk of saving not being fully achieved (Red)	0.564	1.485	-0.921
	25.074	25.074	+0.000
<b><u>2014/15 Saving Target items</u></b>			
Achieved (Blue)	0.332	0.225	+0.107
<b>Total Approved Savings</b>	<b>28.820</b>	<b>28.213</b>	<b>+0.607</b>

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. At the present time, £24.037m of savings are either “blue” or “green”, leaving some £4.783m currently identified at risk. The position on the schemes will become clearer as the year progresses.

2.4 The performance against the saving targets is monitored on a monthly basis, and reported to the Strategic Leadership Team.

2.5 The Council could call upon reserves in 2013/14 to finance a shortfall of this magnitude. However, the utilisation of these resources will reduce the Council’s ability to phase in savings in future years.

2.6 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 should be achieved during this financial year in order to bridge the gap.

