



## Performance and Audit Scrutiny Committee 28 November 2011

### Delivering a Sustainable Budget 2012/13

#### 1.0 Background and Purpose of Report

1.1 This report updates Members on progress made towards setting the 2012/13 budget.

#### 1.2 Members are asked to:

- (i) **note** the savings potential through the establishment of shared services with Forest Heath District Council, as set out in Table 2;
- (ii) **scrutinise and recommend to Cabinet the savings** which are being delivered locally within this Council, as set out in Table 3; and
- (iii) **scrutinise and recommend to Cabinet the capital growth** required to deliver some of these savings, as set out in Section 2.3.

#### 1.3 Banked savings

1.3.1 As reported at the last meeting of this Committee, the 'banked' savings deliver approximately £800k of the overall target of £4.1m across the three years. The DR-IVE target and banked totals are split across the years as follows:

**Table 1: Banked Savings**

	12/13	13/14	14/15
<b>DR-IVE target</b>	£2m	£1.3m	£0.8m
<i>less</i>			
<b>Banked Savings</b>	£598,000	£172,500	£38,000
<i>equals</i>			
<b>Current Gap</b>	£1.4m	£1.1m	£0.76m

#### 2.1 Shared Services

2.1.1 Following approval to progress with shared services, including joint management arrangements, work has been undertaken to estimate the savings that will be delivered. Table 2 below sets out the savings, split into those areas where full business cases have been completed, for which reasonably accurate savings can be estimated, and those which are still in progress, or where considerably more work needs to be undertaken, for which the figures could more reasonably be described as targets rather than estimates.

**Table 2 – Shared Service Savings Attributable to SEBC**

<b>Phase 1 Services - Full Business Case Complete (and savings therefore accurate)</b>	<b>12/13 £000s</b>	<b>13/14 £000s</b>
Revs and Bens phase 2	40	0
ICT Shared Service	150	0
Policy & Performance Shared Service	0	36
Communications Shared Service	22	0
Learning & Development Shared Service	-1.5	12
Property shared service	60	0
<b>Phase 2 Services - Business Cases In Progress, or Not Yet Started (and savings therefore subject to significant change)</b>	<b>12/13 £000s</b>	<b>13/14 £000s</b>
Joint Management (CEO, Directors and Heads of Service)	170	170
Finance shared service		90
Internal Audit Shared Service	20	10
Leisure shared service	120	
Environmental Health & Housing shared service	90	140
HR shared service	tbc	
Legal & Democratic Services shared service	tbc	
Waste & Street Scene shared service	tbc	
Economic Development shared service	tbc	
Planning shared service	tbc	
Neighbourhoods shared service	tbc	
<b>TOTAL</b>	<b>670.5</b>	<b>458.0</b>

2.1.2 The savings above are clearly significant to the delivery of a balanced budget in 2012/13 and beyond. The timing of some of these shared services is reasonably clear, but in some areas there is much less clarity, and it is therefore likely to be the case that the savings split between the years will change. Depending on how the budget develops over the next 2 months, it may be necessary to use some reserves to balance the budget in the short term.

### 2.1.3 Cost of shared service change

For the sake of clarity, Members should be aware that none of the savings above include the cost of change, such as redundancy costs. These cannot be accurately estimated until appointments to each new shared service is made, and so while business cases include possible sums on a 'worst case scenario', they are not included anywhere in this report. It is proposed that the funding of these costs will be from an earmarked reserve, established as part of the 2010/11 budget process.

## 2.1.4 Approval of shared service savings

The current governance structure around shared services is such that this Committee is not required to recommend the savings to Cabinet, since that is the role of the Shared Services Steering Group. However, since they form a significant element of the budget savings, Members are asked to note the savings potential.

## 2.2 Other areas of savings

2.2.1 A number of other savings areas have been progressed since the last meeting of this Committee, and these are now being presented to the Committee for their recommendation to Cabinet. They are set out in Table 3 below, and where the saving proposal was included in the budget consultation, the results of the consultation are included:

**Table 3 – Other savings areas**

	<b>Saving Proposal</b>	<b>12/13 £000s</b>	<b>13/14 £000s</b>	<b>14/15</b>
1	Transfer of Chalkstone, Westbury, Leiston and Newbury Community Centres (67% public support in budget consultation). <i>The phasing of these savings relates to the target set by O&amp;S Committee for two transfers per year over the next two years, and may change.</i>	30	55	
2	£100k reduction in management fee to Abbeycroft, from £340k to £240k over 4 years, mainly delivered through new income generation.	40	20	20
3	Reduction of outreach and collections budgets. Recurring saving of £27k. One-off saving in 2012/13 of a further £8k.	35	+8	
4	Reduction in routine staffing of Athenaeum - only staffed when there are events; staff will be reallocated duties in the Apex, therefore saving on the casual staff budget.	13		
5	Car parking income at West Stow; increase is a combination of the completion of the set-up costs in 11/12 (year one of the introduction of car parking), small inflationary increases and plans to increase visitor numbers.	11	5	3
6	Increase the number of car parking spaces at Hardwick Heath by 30 (capital investment required – see separate paper on this agenda) as part of Leisure Asset Management Plan (AMP).	25	1	1
7	Introduce car parking charges at Nowton Country Park, to include sports users; terminate the subsidy of parking for sports users at Hardwick so that both parks operate the same system. Season tickets will be available. (52% support in budget consultation).	30	5	
8	Income initiatives at Nowton Park (subject to outcome of AMP review for Nursery site).	10	10	

9	Reduce residual funding for drug and alcohol work (but retain £5k for a new grant pot to support organisations working in this field).	3		
10	Reduce inspection regime for playing fields and neighbourhood parks. (The public were not in favour of significant reduction in the park ranger structure, but when asked in the focus groups, were open to some minimal reorganisation, which is what this proposal reflects).	20		
11	Reorganisation within CCTV team (49% of the public wished to keep monitoring at present level, and 25% of them supported monitoring in peak time only).	30		
	<b>TOTAL</b>	<b>247</b>	<b>88</b>	<b>24</b>

2.2.2 If all of the above savings are recommended to and approved by Cabinet, the remaining gap will be as follows:

**Table 4**

	12/13	13/14	14/15
<b>Current Gap</b>	£1.4m	£1.1m	£0.76m
<i>less</i>			
<b>Shared Service Savings in Table 2</b>	£670,500	£458,000	
<i>less</i>			
<b>Local Savings in Table 3</b>	£247,000	£88,000	£24,000
<i>Equals</i>			
<b>New Gap</b>	£482,500	£554,000	£736,000

2.2.3 Work will continue over the next two months to close the gap and the final set of savings proposals will be brought to this Committee in January.

## 2.3 Capital Growth

2.3.1 In order to deliver items 6, 7 and 8 in Table 3 above and one item from the list submitted to this Committee in October 2011, a limited amount of capital investment will be required, as follows:

Item 6: Hardwick Heath extra parking: **£60k** capital to create 35 extra spaces adjacent to the existing car park;

Item 7: Introduce car parking charges at Nowton Park: **£80k** to renew car park and bring into use for charging (resurfacing, marking bays etc.);

Item 8: Income initiatives at Nowton Park (subject to outcome of AMP review for Nursery site). **£15k** investment in site.

Item from October P&A: Heritage increased ticket sales: potential **£15k – 25k** of investment in new exhibits (as part of £45K new income programme by year 3). This figure will be refined during the course of the budget process.

2.4 Final savings and any further growth will be brought to this Committee's next meeting, in January 2012.

**Contact Details**

Name

Telephone

E-mail

**Chairman**

John Hale

01359 221141

[john.hale@stedsbc.gov.uk](mailto:john.hale@stedsbc.gov.uk)

**Chief Finance Officer**

Liz Watts

01284 757252

[liz.watts@stedsbc.gov.uk](mailto:liz.watts@stedsbc.gov.uk)

Name

Telephone

E-mail

**Portfolio Holder**

David Ray

01359 250912

[david.ray@stedsbc.gov.uk](mailto:david.ray@stedsbc.gov.uk)

**Scrutiny Manager**

Adriana Stapleton

01284 757613

[adriana.stapleton@stedsbc.gov.uk](mailto:adriana.stapleton@stedsbc.gov.uk)