



*St Edmundsbury*  
BOROUGH COUNCIL

# D262

## Performance and Audit Scrutiny Committee 28 January 2013

### Delivering a Sustainable Budget 2013/14

#### 1. Summary and reasons for recommendations

- 1.1 It is essential that the Council's financial and budgetary strategies are sufficiently robust to enable it to deliver a sustainable budget position in the short and medium term. This Committee has a key role in the scrutiny of the budget process and proposals for achieving a balanced budget.
- 1.2 In September 2012 the Committee received report D141 "Delivering a Sustainable Budget 2013-14" which set out the context of the 2013/14 budget, including details of saving targets for 2013/14 and future years. The purpose of this report is to update Members on progress made towards achieving the savings target for the 2013/14 budget.

#### 2. Recommendations

- 2.1 Members are asked to:
- (i) note the progress made on delivering a balanced budget for 2013/14; and
  - (ii) scrutinise proposals for shared service savings and local savings (set out in sections 4.3 and 4.4 of the report) and make recommendations to Cabinet as appropriate.

#### Contact Details

Name	<b>Portfolio Holder</b>	<b>Lead Officer</b>
Telephone	David Ray	Rachael Mann
E-mail	01359 250912 <a href="mailto:david.ray@stedsb.gov.uk">david.ray@stedsb.gov.uk</a>	01638 719245 <a href="mailto:rachael.mann@forest-heath.gov.uk">rachael.mann@forest-heath.gov.uk</a>

### 3. Corporate priorities

3.1 The recommendations meet the following corporate priorities, as contained within the Corporate Plan:

- (a) Working together for prosperous and environmentally-responsible communities; and
- (b) Working together for an efficient Council.

### 4. Key issues

#### 4.1 Position at September 2012

4.1.1 In September 2012 the Committee received report D141 which set out the context of the 2013/14 budget, including details of budget assumptions, pressures and uncertainties. Members were advised that the Comprehensive Spending Review, combined with income pressures, was continuing to have a direct and significant effect on the Council's budget. At that time the projected budget gap / savings targets going forward were reported as follows:

**Table 1: Budget Gap for 13/14 – 15/16 – September 2012 Projection**

	13/14	14/15	15/16
<b>Budget Gap / Savings Target</b>	£0.9m	£0.9m	£1.5m

4.1.2 The £0.9m budget gap for 2013/14 includes the planned use of £0.8m from the Council's general fund reserves (i.e. the budget gap before use of reserves would have been £1.7m). Budget gap projections for 2014/15 onwards are currently being revised as part of the 2013/14 budget setting exercise.

4.1.3 Members were also advised that the key strategy to deliver savings over the next two years is the shared services initiative between St Edmundsbury Borough and Forest Heath District councils, together with a range of other local savings initiatives (ie savings which are not related to shared services).

#### 4.2 Latest Budget Projections – as at end of December 2012

4.2.1 Table 1 below sets out the progress made to date in achieving the 2013/14 savings target, and shows:

- **Shared services savings** – split between:
  - savings that have been completed or are in progress, and
  - savings that are to be progressed, and
- **Local savings** - previously known as "DR-IVE" savings – which represents areas of banked savings / increased charges that are not attributable to shared services.

4.2.2 At the time of writing there were no significant areas of proposed growth in revenue expenditure for 2013/14.

**Table 1 – Savings Projections as at end of December 2012**

Description	2013/14 £'000
<b>Savings target</b>	<b>900</b>
<b>Shared Services Savings</b>	
Shared Services Savings - Completed or in progress	423
Shared Services Savings - To be progressed	272
<b>Total Shared Services Savings</b>	<b>695</b>
<b>Local Savings</b>	
Local Savings – Planned	304
<b>Total Local Savings</b>	<b>304</b>
<b>Remaining Budget Gap / (Surplus)</b>	<b>(99)</b>

4.2.3 As shown in the above table, **current projections regarding savings that may be achieved through shared services and local savings should be sufficient to cover the £0.9m budget savings target for 2013/14.**

4.2.4 Further details regarding proposed savings from shared services and other local savings initiatives are provided in sections 4.3 to 4.4 below.

### **4.3 Shared Services Savings**

4.3.1 Significant progress has been made over the past year in the delivery of the shared services initiative with Forest Heath District Council, including the appointment of a shared Chief Executive and Joint Leadership Team and the joint delivery of a range of services, including ICT, communications, property services, internal audit, environmental health and housing. These initiatives are already on course to achieve savings during 2012/13 for this Council of £0.64m. Further savings from shared services totalling £0.69m are projected for 2013/14 arising from:

- (i) the full-year impact of savings initiatives commenced during 2012/13, and
- (ii) the implementation of shared services across the remainder of Council services.

4.3.2 Table 2 below provides details of shared service savings projections for 2012/13 and 2013/14. Savings are split into those areas that have been completed or are in progress (for which reasonably accurate savings estimates can be set) together with a general savings provision for those service areas that have yet to be progressed (based on experience to date in securing savings from shared services).

**Table 2 – Shared Services Savings Projections – 2012/13 and 2013/14**

<b>Description</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
<b>Shared Services Completed or in Progress</b>		
Learning & Development	-2	12
ICT	142	
Communications	22	
Property	60	3
Internal Audit	20	8
Environmental Health and Housing	90	98
Planning		125
Payroll		7
Joint management with FH	170	170
<b>Total</b>	<b>502</b>	<b>423</b>
<b>Shared Services To be progressed</b>	<b>134</b>	<b>272</b>
<b>Total Savings Projection</b>	<b>636</b>	<b>695</b>

4.3.3 The savings from shared services are significant to the delivery of a sustainable budget for 2013/14 and beyond. In so far as the 2013/14 budget is concerned, there is clearly a risk that savings targets for shared service areas yet to be progressed may not be achieved. Any shortfall in savings projections for the year will need to be met from general fund reserves. Conversely, any additional shared service savings achieved in the year will help reduce the savings requirements in future years.

#### **4.4 Local Savings Programme (previously known as DR-IVE)**

4.4.1 In addition to the need to deliver savings from shared services, work has continued to secure a range of other local savings which include cost savings (staffing and other expenditure) together with opportunities to generate additional income.

4.4.2 Table 3 below provides details of current local savings projections for 2013/14.

**Table 3 – Local Savings Projections 2013/14**

Description	2013/14 Savings £000
Staff Restructuring/removing vacant posts	35
New income streams – including energy feed-in tariffs and various leisure services initiatives	116
Apex budget review – initial savings, including the impact of the Sodexo Prestige catering contract (final estimates indicate this saving will be £10k higher than envisaged in Paper D209 to Overview & Scrutiny Committee on 5 December, 2012)	56
Transfer of Community Centres - as per target phasing of transfers agreed as part of budget setting in 2012 (minute 29, Overview & Scrutiny Committee, 12 October 2011 refers)	45
Reduced supplies/services budget – including reduced audit fee	52
<b>Total</b>	<b>304</b>

**5. Other options considered**

5.1 Not applicable.

**6. Community impact**

6.1 **Crime and disorder impact** (*including Section 17 of the Crime and Disorder Act 1998*)

6.1.1 Not applicable.

6.2 **Diversity and equality impact** (*including the findings of the Equality Impact Assessment*)

6.2.1 Not applicable.

6.3 **Sustainability impact** (*including completing a Sustainability Impact Assessment*)

6.3.1 Not applicable.

6.4 **Other impact** (*any other impacts affecting this report*)

6.4.1 Not applicable.

**7. Consultation** (*what consultation has been undertaken, and what were the outcomes?*)

7.1 All shared service arrangements are subject to joint agreement between the two councils. Formal consultation exercises are undertaken with trade unions and staff regarding restructuring proposals, including staff redundancies and changes to pay and conditions.

**8. Financial and resource implications** *(including asset management implications)*

8.1 As set out above.

**9. Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	High/Medium/Low		High/Medium/Low
Savings projections are not achieved resulting in budget deficit	Medium	Budgetary control, including reporting of variances to Members. Use of general fund reserves to cover budget deficits.	Low

**10. Legal and policy implications**

10.1 The Local Government Finance Act 1988 (Sc 114) - requires the chief finance officer to report to councillors if there is or is likely to be an unbalanced budget.

**11. Ward(s) affected**

11.1 All.

**12. Background papers**

12.1 D141 Delivering a Sustainable Budget 2013-14 – Performance and Audit Scrutiny Committee 25 September 2012.