

Report to the Finance and Performance Management Committee



**Report Reference: FPM-021-2010/11.
Date of meeting: 22 November 2010.**

**Epping Forest
District Council**

Portfolio: Finance & Economic Development.

Subject: Draft General Fund CSB and DDF lists and Savings Update.

Responsible Officer: Peter Maddock (01992 564602).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations

- (1) To note the draft Continuing Services Budget (CSB) and District Development Fund (DDF) schedules; and**
- (2) To provide an update on the savings achieved as part of the 2011/12 budget process.**

Executive Summary

The report provides the first draft of the Continuing Services Budget (CSB) growth and District Development Fund (DDF) Schedules and also an update on the budget process for 2011/12 and what savings have been achieved so far.

Reasons for Proposed Action:

Members are asked to note the first draft of these schedules and savings achieved and make comments as appropriate.

Other Options for Action:

No other options applicable.

Report:

1. The Financial Issues Paper was presented to this committee on 27 September 2010. The report highlighted a number of financial pressures and uncertainties facing the General Fund including the Comprehensive Spending Review (CSR), the effects of the 'credit crunch', the next triennial valuation of the pension fund and the possible effect of Changes to Service delivery as a result of shared services.

2. The Medium Term Financial Strategy (MTFS) which forms part of the Financial Issues Paper assumed that the CSR would result in a reduction of government support of 25% over three years this meant that savings of £2.3 million were required over the forecast period after taking into account the additional income to the General Fund resulting from the transfer of non-housing HRA assets to the general fund.

3. On 20 October 2010 the CSR confirmed that government support would be cut in real terms but by 28% over the four years starting in 2011/12. Whilst this is broadly in line with the strategy the CSR made it clear that the bulk of the reductions will occur in 2011/12 and 2012/13. Having said that the announcement is of a high level nature and the exact affect on this council will not be known until late November or early December. It would seem

reasonable to revisit the MTFS once the figures are known and to make any adjustments to the strategy required then.

4. When the revenue outturn for 2009/10 was considered by this Committee on 14 June 2010 it was noted that the General Fund budget was underspent, and this had been the case for a number of years. At that time an exercise was undertaken to identify whether there were specific areas that consistently underspend and where these were.

5. The budget process for 2011/12 is well underway and part of this process is to challenge the areas identified above with a view to removing budgetary allocations from the budget where a good reason for its retention cannot be made. This process is still ongoing and progress so far has been a bit mixed. The next stage is to review the areas where removing unspent budgets has been less successful and in consultation with Service Directors agreeing whichever course of action is appropriate in each case.

6. Within each directorate a line has been included under CSB with the amount of savings identified so far. Some of the savings have been identified to begin in 2010/11 whilst others are scheduled for 2011/12 and beyond. Savings identified in 2010/11 amount to £186,000 and in 2011/12 a further £53,000. Much of this will fall on the General Fund but due to the cost allocation process some will benefit the Housing Revenue Account (HRA). In anticipation of the savings exercise £100,000 has already been included in the current MTFS in 2010/11. The table below summarises the position with regard to savings achieved so far.

Directorate	Savings identified using year actual	Savings identified 3 during budget process	Difference
Office of the Chief Executive	38	8	30
Corporate Support Services	236	67	169
Deputy Chief Executive	41	33	8
Environment and Street Scene	74	29	45
Finance & ICT	94	50	44
Housing GF	7	12	(5)
Planning & Economic Development	50	40	10
Total	540	239	301

7. The schedules of CSB growth/savings and DDF expenditure are attached and these include entries at directorate level relating to the above exercise. These are at Annexes 1 & 2. and represent best estimates at this time.

8. There are a number of areas where further work is required before figures to be included within the budget can be finalised. Clearly the emphasis in this budget cycle will need to be on CSB savings rather than growth but there are some areas, particular relating to income streams, where some CSB growth is inevitable. The figures generally need to be viewed in the context of this being quite early in the budget preparation process and will clearly need to be revisited over the next two months or so as the budget comes together.

Resource Implications:

The schedules represent potential additions and reductions to the budget depending on decisions made during the budget process.

Legal and Governance Implications:

The preparation of budgets well in advance of the financial year to which they apply, enable

sound financial planning to take place. They subsequently provide a basis against which financial monitoring can take place during the year in question.

Safer, Cleaner, Greener Implications:

The Council's budgets contain spending in relation to this initiative.

Consultations Undertaken:

This is the first draft of the CSB and DDF schedules. Consultations with spending officers regarding their budgets are ongoing at the moment but apart from this further consultation will take place later in the budget cycle.

Background Papers:

Various budget working papers held in Accountancy.

Impact Assessments:

Risk Management

The setting of the budget has an impact on all areas of the Council there is a risk that the budget might be set at an unaffordable level, however setting guidelines early in the process means that the level of budget that is acceptable is known in advance.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
None.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A.