

Report to the Finance and Performance Management Committee



**Epping Forest
District Council**

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Date of meeting: 21 November 2011

Portfolio: Finance and Performance Management

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

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Recommendations

- (1) To note the draft Continuing Services Budget (CSB) and District Development Fund (DDF) schedules.**
- (2) To provide an update on the savings achieved as part of the 2012/13 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 2012/13 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 26 September 2011. The report highlighted a number of financial uncertainties and risk facing the Authority including Self Financing for the Housing Revenue Account, the Localisation of Council Tax Benefit, Possible Double-Dip recession, the Council's ability or otherwise to Capitalise Pension Deficit Payments 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, identified that further savings of around £1.4 million were required over the forecast period. The previous Strategy had identified £2.3 million of which £1.3 million were for 2012/13. Following a number of initiatives being brought forward and various meetings with spending officers the savings necessary for 2012/13 have been achieved. Having said that further savings are required in both 2013/14 (£0.6 million) and 2014/15 (£0.5 million) and work to identify further savings will contribute to these targets.
3. As in the previous year there was again a saving on the revenue budget in 2010/11.

The outturn for 2010/11 was considered by this Committee on 20 June 2011 it was noted that the General Fund budget was underspent by a little under £600,000. During the 2011/12 budget cycle an exercise was undertaken to identify whether there were specific areas that consistently underspent and where these were. A number of savings were identified as a result and an amount of £356,000 was removed from various General Fund budgets. The outturn for 2010/11 suggests there is further scope for continuing this exercise during 2012/13 so a similar approach is being adopted.

4. The budget process for 2012/13 is well underway and progress in removing budgetary allocations from the budget where a good reason for its retention cannot be made is part of this. The amount identified is inevitably less than last year and progress has so far been better than last year. Where removing unspent budgets has been less successful there may need to be further consultation with Service Directors agreeing whichever course of action is appropriate in each case.

5. Within each directorate a line has been included under CSB with the amount of savings identified so far. Of the £356,000 savings achieved for 2011/12 during the previous budget cycle £262,000 came into affect for the 2010/11 Probable Outturn, therefore the remaining £94,000 was effective from the 2011/12 Original Budget. The process for the 2012/13 budget has identified a further £130,000 all of which is effective for the 2011/12 probable outturn and beyond. Much of this will fall on the General Fund but due to the cost allocation process some will benefit the Housing Revenue Account (HRA). The current MTFS in 2011/12 has not taken account of any further savings arising from this exercise however the updated version later in the cycle clearly will. The table below summarises the position with regard to savings achieved so far.

Directorate	Savings identified using 3 year actual	Savings identified during budget process	Difference
	£'000	£'000	£'000
Office of the Chief Executive	21	19	2
Corporate Support Services	70	32	38
Environment and Street Scene	44	41	3
Finance & ICT	13	5	8
Housing GF	3	2	1
Planning & Economic Development	31	31	0
Total	182	130	52

6. No savings are listed in the table above for the Deputy Chief Executive as these will not be determined until after the Cabinet have considered a report on future options for the provision of various information services.

7. There are also a few CSB budgets that in reality have a one off element to them. It is proposed that the CSB/DDF split be ascertained within them and expenditure apportioned as appropriate. It is felt that this has in the past led to a degree of over budgeting which should where possible be avoided.

8. 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.

9. 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 pension deficit payments, 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.

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.

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.

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