

# **Report to the Finance Performance Management Cabinet Committee**



**Report reference:** *FPM-017-2014/15*  
**Date of meeting:** *13 November 2014*

**Epping Forest  
District Council**

**Portfolio:** Finance  
**Subject:** Net savings suggestions and overall savings target  
**Responsible Officer:** Bob Palmer (01992 564279).  
**Democratic Services:** Rebecca Perrin (01992 564532).

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## **Recommendations/Decisions Required:**

- 1. To consider events since the Financial Issues Paper was presented and evaluate any change necessary to the net CSB target for 2015/16;**
- 2. To consider the business cases for net savings (including the items to be discussed in private session) and determine which should be pursued; and**
- 3. To suggest other potential areas of the Council's activities which should be reviewed for savings.**

## **Executive Summary:**

The Financial Issues Paper was presented to this Committee in July and over the four months since it was written some unforeseen events have taken place. At this point in the budget cycle it is sensible to pause and re-evaluate the targets set in July to see if they should still be adhered to.

Work is underway on several ideas that could generate either cost reductions or increases in income for 2015/16 and subsequent years. This is an opportunity for Members to evaluate the various ideas and determine which should proceed. As part of this process Members are also invited to suggest other areas for review.

## **Reasons for Proposed Decisions:**

To confirm the net CSB target for 2015/16 and determine which business cases should be pursued to achieve the necessary level of savings.

## **Other Options for Action:**

Members could decide to leave the net CSB target as it currently is or indeed reduce it further.

Members could decide to pursue any mixture of the various business cases together with any other new ideas.

## **Report:**

### Net CSB Target

1. Given the greater financial challenge with the 2015/16 budget it was decided to start the budget process earlier than in previous years. An additional meeting of this Committee was scheduled for July and the Financial Issues Paper was presented two months earlier than has usually been the case. This has been useful in moving forward the debate on the budget and engaging both Members and staff in the process. However, the earlier start to the process has meant some issues have arisen that were not anticipated when the Financial Issues Paper was being written and the Medium Term Financial Strategy (MTFS) was being updated.

2. The net CSB target for 2015/16 in the MTFS is £13.15 million. This took account of all changes in the CSB known in July and included a target for additional net savings of £0.5 million. In total the MTFS included net savings of £1.5 million over the four years with £0.5 million in both 2015/16 and 2016/17 and then £0.3 million in 2017/18 and £0.2 million in 2018/19.

3. In previous years items arising after the update of the MTFS have largely off-set each other and it has been possible to achieve savings to reach the target for net CSB. This year the items arising have generally had a negative impact and the position with North Weald market is of particular concern. The meeting of the Asset Management and Economic Development Cabinet Committee on 21 October received a report on the market and it is likely that there will be a reduction in income of approximately £0.3 million per annum. The other single item worth mentioning is the increase in staffing for economic development. In the long term this should benefit the Council but in the short term it has added £125,000 to the budget.

4. If the net CSB target is to remain at £13.15 million then the two items mentioned above mean the savings required for 2015/16 will increase from £0.5 million to £0.93 million. It should be remembered that the net savings being sought here are on top of those achieved through the new waste management contract.

5. The MTFS predicted that at the end of 2018/19 there would still be £8.3 million in the General Fund revenue balance. This is twice the amount required by the established policy of a minimum of at least 25% of the Net Budget Requirement. So, if Members were minded, the net CSB target could be amended without seriously impacting on the Council's reserves. However, the reserves cannot be relied upon indefinitely and the budget will still need to be brought back in to balance over the medium term.

### Savings Business Cases

6. The Leadership Team (all staff at Assistant Director level or higher) have discussed a number of savings opportunities and developed the best of these into mini business cases. Most of these business cases are attached for Members to consider and adopt or reject as appropriate, some will follow on a supplementary agenda. Because some of the business cases may involve redundancies or contain other confidential information these items will be considered partly in private session.

7. In addition to considering the business cases being put forward Members are invited to make alternative or additional suggestions. The need for additional suggestions will be determined by any change to the net CSB target and the extent to which the suggested business cases are adopted.

**Resource Implications:**

The report asks Members to re-consider the net CSB target for 2015/16 which is currently £13.15 million. If this target was allowed to increase but the net savings target was maintained at £0.5 million then additional savings would be required in later years. The MTFS still predicts reserve levels substantially above the Council's minimum acceptable levels and so it is possible to achieve a balanced budget over a longer period without endangering the Council's overall financial position.

**Legal and Governance Implications:**

The implications for each business case will be considered as they are developed. At this stage no legal and governance concerns have been highlighted with any of the proposals.

**Safer, Cleaner and Greener Implications:**

As for legal and governance, these will be considered on a case by case basis.

**Consultation Undertaken:**

The business cases have been discussed by both the Leadership Team and Management Board.

**Background Papers:**

None.

**Risk Management:**

Any risks associated with individual business cases will be evaluated as they are developed.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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<b>Date / Name</b>	<b>Summary of equality analysis</b>
27/10/14  Director of Resources	The various business cases will have a variety of impacts and these will be assessed before the suggestions are taken forward by the responsible officers.