

Committee:	Executive	Agenda Item No.:	11.
Date:	2 nd April 2012	Status	Open
Category	2. Decision within the functions of Executive		
Subject:	Budget Update		
Report by:	Director of Corporate Resources		
Other Officers Involved	N/A		
Director	Director of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

None directly applicable.

VALUE FOR MONEY

This report is concerned with updating Members of the position concerning the Council's General Fund and Housing Revenue Account budget for 2012/13. As such it does not have direct value for money implications.

THE REPORT

The Council agreed its Medium Term Financial in respect of both the General Fund and the Housing Revenue Account (HRA) at Council on the 15th February 2012. It was agreed at that stage that budgets and progress against the savings target would be reported back to Members on a regular basis. This is the first of such reports and is concerned with monitoring two elements of the approved budget rather than the overall budget position.

The two elements concerned are the progress in respect of the package of agreed savings in respect of the Council's General Fund Revenue Account. Secondly, the report also covers the borrowing that has been undertaken from the Public Works Loan Board in order to fund the costs of the payment to central government which was required in order to buy the Council out of the previous HRA financial system.

GENERAL FUND BUDGET POSITION.

At this stage in the financial year it is clearly too early to report on progress against the Council's overall budget position. However, in agreeing the Medium Term Financial Plan the Council adopted a strategy of pursuing a range of savings that would be in place by April 2012. This section of the report updates Executive with the progress made against that savings target.

The financial savings as agreed by Council in February 2012 are set out within the Medium Term Financial Plan as follows:

Summary of Identified Savings

Proposal	2012/13	2013/14
	£000's	£000's
Vacancy Saving (inc disestablishment of posts)	250	250
Environmental Health Review	100	180
Head of Service Review	120	120
Garage and Fleet Review	50	50
Other Strategic Alliance Reviews	150	150
Remove allowance for Pay Award	100	100
Reduction in non employee budgets	204	200
Essential Car User Review		200
Savings to be Identified	0	628
Overall Savings Target	974	1,878

The sections below provide a brief summary of the progress that has been secured in achieving each of the above savings:

Vacancy Savings £0.250m: These will need to be secured during the course of the financial year by an on going process of vacancy management. On the basis of current estimates approximately £0.1m should arise as a result of things such as maternity leave, employees 'purchasing' additional leave etc. Given the limited levels of staff turnover currently being experienced it should be noted that this process will need to be very robust if this agreed target is to be achieved.

Environmental Health Review £0.1m: A Joint Service has now been instituted between Bolsover and North East Derbyshire as part of the Strategic Alliance which should generate the savings required.

Head of Service Review £0.120m : The detailed recommendations required in order to implement this restructure and achieve the appropriate savings were agreed by both Council's on the 28th March 2012. These recommendations will secure the necessary level of financial savings.

Garage and Fleet Review £0.050m: The outcome of this review has been agreed and is in the process of implementation.

Other Strategic Alliance Reviews £0.150m : This consists of a Corporate Services Review and a Street Scene review. The development of these proposals is now largely complete and detailed proposals will be taken to Members in the near future.

Remove Allowance for Pay Award £0.1m : On the basis on recent announcements from the employers side it seems unlikely that any national pay offer will be made by the employers in respect of 2012/13. If this is the case then this budget saving should be achievable.

Reduction in Non Employee Budgets £0.204m : The accountancy team are in the process of developing a range of proposals to reduce budgets by the necessary amount. These proposals will be brought to Committee during April 2012 for formal approval.

While good progress is being made against all of the above targets it should be noted that the inevitable delay in implementing agreed policies means that full year savings will not be achieved in all areas. Future reports to Members will provide a more detailed analysis of the savings that will be secured in both 2012/13 and future years as the implementation of each stage is completed.

IMPLEMENTATION OF HOUSING REVENUE ACCOUNT (HRA) REFORM.

Both the Medium Term Financial Plan agreed by Council on the 15th February 2012 together with the Treasury Management Strategy which was approved at Council on the 1st March 2012 set out the details concerning the reform of the HRA. The two main elements of the reform were that local authorities were required to buy themselves out of the national HRA with a one off payment to be funded by undertaking additional borrowing. Secondly, the future management of the localised HRA needed to be based around a 30 Year Business Plan which demonstrates the sustainability of each local HRA in terms of both service delivery and financial affordability.

The transactions in respect of the HRA namely the payment to central Government and the raising of the loans to fund that payment were successfully completed on the 28th March 2012 in line with the agreed timetable. A schedule of the loans undertaken and the relevant interest rates is provided in Appendix 1 to this report for information.

It should be noted that the loans that have been agreed have been undertaken at significantly below the level of interest rates assumed within the HRA Business Plan (4.5%). This will strengthen the financial position of the Council going forward, and officers are currently in the process of reworking the Business Plan in line with the actual interest rates that have been secured. That financial work will be incorporated with a range of tasks on those aspects of the Business Plan which are not directly related to finance, such as tenant and elected member consultation, options for pursuing the

Council's strategic housing policies, housing Asset Management Plan, options for investment in the stock and the impact of the debt ceiling in order to refresh the agreed service delivery strategy which underlies the Business Plan. This will form the basis of reports to Members over the next few months.

ISSUES/OPTIONS FOR CONSIDERATION

Given that this report is brought for the purposes of updating Executive concerning progress against previously agreed actions there are no issues or options for consideration at this stage.

IMPLICATIONS

Risk:

Given that this report is an update on previously agreed policies there are no additional risk implications arising directly out of this report.

Financial:

Financial implications are covered throughout the report.

Legal:

There are no legal issues arising directly out of this report.

Human Resources:

There are no human resource issues arising directly out of this report.

RECOMMENDATION

That Executive notes the report.

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

This report provides an update in respect of previously agreed decisions and therefore does not require any decisions from Executive at this stage.