

Committee: Full Council

**Agenda
Item**

Date: 22nd May 2007

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Title Budgetary Control 2007/08

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Item for
decision

Summary

1. This report looks at progress in achieving the supplementary savings targets for the General Fund agreed at the meeting of the Full Council on 17th April 2007.

Recommendation

2. The Full Council is recommended to note progress on achievement of the savings target set at its previous meeting and to approve the officer proposal to continue the examination of ways to meet the remaining sum and the other savings targets of various types built into the budget.

Background Papers

3. Budget working papers 2007/08, Medium Term Financial Strategy 2007/08 to 2011/12, notes of guidance to budget holders and submissions of savings proposals.

Impact

Communication/Consultation	No specific implications
Community Safety	One proposal in the report is to leave the post of Community Safety Officer vacant for 3-4 months. This is not expected to have an adverse effect on the services offered
Equalities	No specific implications
Finance	This report is about the Council's budget for current and future years
Human Rights	No specific implications
Legal implications	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	Staff have been or will be consulted on any significant implications

Situation

4. On 17th April 2007 the Full Council received a report on the likely budget outturn for 2006/07 and any known changes to the budget for 2007/08. The most significant factor affecting the position for both financial years was a

variation in the sums received and likely to be received from the government in respect of the Local Authority Business Growth Incentive Scheme (LABGI).

5. The Full Council authorised the use of reserves to deal with the 2006/07 effect of the budget variations and set a target of £300,000 as necessary to replenish reserves and deal with the projected 2007/08 budget deficit. This target sum was divided up across the controllable budgets of Heads of Division. Appendix 1 to this report provides an update on progress.

6. The overall progress in identifying the £300,000 is that £260,930 has been identified, with no significant effects envisaged regarding service delivery. There is therefore a shortfall of £39,070 in the target set and officers are asking the Council for more time in achieving this sum. This request needs to be seen in the context of both the other savings required in-year to keep the budget in balance (see paragraph 8 below) and the many activities in hand that are already trying to progress partnership working and other efficiencies. The Council is also reminded that there remains a strong probability that the Council will receive a further sum of around £90,000 from the government in respect of the LABGI scaling factor which was held back pending legal action by two councils. The legal action is due to take place towards the end of June and members will of course be kept updated.

7. Some areas have failed to meet their savings target in full. The two most significant in financial terms relate to the Development Control function (Planning Control) and Community Engagement. There are special factors in both cases. Development Control, apart from being a key Council priority and under intense workload pressures, is also preparing itself for examination under the Council's Organisation Re-engineering programme, as well as a possible change to its computer system. Both of these activities will be aiming to reduce costs significantly. In terms of the Community Engagement budget, the main component is the Customer Services Centre (CSC) which is both a Council priority and is still at a developmental stage. It is considered inappropriate to seek economies in this area yet.

8. The Full Council is reminded that there are other sums within the 2007/08 budget which require close monitoring. These are:

Type of saving	£	Timescale/action
Officer restructuring	130,000	Report to Full Council in July with details
Procurement savings	72,000	Sum already taken from budgets. Work proceeding to get managers to buy via Essex Procurement Hub where appropriate
Staff turnover savings	472,000	Sum broken down into individual budgets. Heads of Division meetings to collectively approve filling vacancies. Ongoing monitoring of progress
Organisational re-engineering	246,450	Revenues and Benefits and Housing elements to be implemented shortly. Remainder of

programme to be re-focused on quick 'cash' wins

9. A major bonus arising from the exercise that has been undertaken is the identification of ongoing savings that help with the challenging targets contained in the Council's Medium Term Financial Strategy (MTFS). To the extent that the supplementary budget exercise was about replenishing reserves drawn down to deal with the LABGI shortfall, one-off savings would have been acceptable. However, the majority of the savings identified (£237,700 out of £260,930) have ongoing effects into 2008/09 and beyond. This means that £237,700 has been achieved against the 2008/09 savings target of £1,385,000, reducing the total required to £1,147,300. A review of the MTFS is currently in hand and will be taken to the Operations Committee on 28th June. The same meeting will be informed of the final outturn on the 2006/07 budget, which is currently being worked on as part of the closure of accounts process.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Identification of potential savings that are not actually achieved	Low	Medium	Ongoing review via budget monitoring
Failure to identify further potential savings	Low	Medium	There are sufficient other targets for savings within the budget to ensure that all avenues are explored during the year. Ongoing review via budgetary control will ensure that potential areas are explored