

By: Cabinet Member for Finance – John Simmonds  
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To: Governance and Audit Committee – 18 Apr 2012

Subject: Update on Savings Programme

Classification: Unrestricted

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Summary: This report asks Members to note the position

## **FOR ASSURANCE**

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### **1. Current Position**

- 1.1 The 2011-12 quarter 3 monitoring reported to Cabinet on 19 March shows a forecast underspend of £12.6m. This is after the transfer of £3.1m to reserves to support the 2012-13 budget, as approved at County Council on 9 February 2012. Within this forecast position are a number of savings which are expected to continue into the medium term.
- 1.2 £4m of the forecast underspend relates to the Big Society Fund which will be re-phased into 2012-13.
- 1.3 £3.2m relates to the release of Social Care Reform Grant contingency, following agreement to the use of the £16.2m NHS funding for Social Care. This funding has also been released from the Adult Social Care budget in the 2012-15 MTFP.
- 1.4 There is £1.6m additional special school recoupment income. This is a continuation of the trend experienced in 2010-11 and therefore an increase in the anticipated income has also been reflected in the 2012-15 MTFP.
- 1.5 There is a £1m saving on mainstream home to school transport, which is a continuation of the savings experienced in 2010-11 and hence a similar saving has also been reflected in the 2012-15 MTFP.
- 1.6 There is a £3.9m underspend on Adult Social Care as a result of lower than expected demand. Demographic pressures in the 2012-15 MTFP have been revised in the light of this but are likely to need further refinement.
- 1.7 £3.7m relates to savings on the waste budgets. A saving to reflect the trend of reduced waste tonnage levels has been included in the 2012-15 MTFP.
- 1.8 £1.3m relates to savings on concessionary fares due to successful procurement negotiations with major bus operators and reduced journey

numbers. A saving to reflect the procurement efficiencies has been reflected in the 2012-15 MTFP.

- 1.9 There is a £1.1m saving against the Carbon Reduction Commitment Levy, reflecting the intention to charge schools for their share of these costs following a recent change in school finance legislation. This will result in a similar saving in future years which has been reflected in the 2012-15 MTFP.
- 1.10 In addition, there is £4.1m of treasury savings, principally due to re-phasing of the capital programme in both 2010-11 and 2011-12, and a £1.5m unexpected unringfenced grant for Extended Rights to Free Travel which has been held centrally in order to offset pressures within Specialist Children's Services of £13.2m (excluding Asylum). This reflects the continuing increased demand for these services, particularly fostering and residential care, together with pressures on staffing, mainly agency social workers. This increased demand has been addressed in the 2012-15 MTFP.
- 1.11 There is a £1.5m pressure on the Asylum budget, principally due to our obligations under current childcare legislation to support Appeal Rights Exhausted and naturalised clients even though these clients are ineligible for funding under the UKBA grant rules. We continue to make representations to Government to resolve this issue.
- 1.12 During this financial year, we moved away from specific reporting of progress against the £95m budgeted savings and incorporated that with the "bigger picture" of the regular monitoring reports to Cabinet, Budget IMG and POSCs. The expected underspend reflects the success of delivering most of the £95m planned savings, plus additional unbudgeted savings.

## **2. Conclusion**

- 2.1 The £12.6m current forecast underspending position for 2011-12 is quite a considerable achievement taking into account that it is in the context of delivering a £95m savings requirement in 2011-12, increasing demands for services and the need to deliver the Children's Services Improvement Plan.

## **3. Recommendation**

- 3.1 Members are asked to NOTE the report for assurance.

### **Background Papers**

Cabinet 19 March Item 4. Revenue & Capital Budgets: Key Activity & Risk Monitoring 2011/12.

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