

By: Andy Wood, Corporate Director of Finance and Procurement
To: Governance and Audit Committee – 30 April 2014
Subject: **2013-15 REVENUE BUDGET SAVINGS**
Classification: Unrestricted

Summary: This report updates Members of the Committee on the progress in making the revenue budget savings for each of 2013/14 and 2014/15

FOR ASSURANCE

2013/14

1. The budgeted savings as shown in the approved budget book was £91.8m. This is a very significant sum, representing approximately 10% of our net revenue budget.
2. Early in the financial year, we look very closely at budgeted savings to ensure that what was approved in the budget is still deliverable, and that if any aren't, or not to the quantum budgeted, that corrective actions are put in place. As the year progresses, we move away from specific monitoring of those savings in order to monitor the budget overall. The routine monthly budget monitoring process will highlight variances from budget, including any changes to the savings plans, but also due to the many other factors that can lead budgets to over or under spend.
3. As we have passed the year-end and are now into finalising the Accounts for 2013/14, it is pleasing to report that we expect to underspend the overall revenue budget by around £8m. This is a particularly good outcome and surpasses the £4m underspend required for roll-forward into the 2014/15 budget.
4. It is impossible to be precise about exactly how we delivered against the £91.8m, but the overall underspend shows that effective budgetary control was in place throughout the year.

2014/15

5. The budgeted savings as shown in the approved budget book is £81.4m. Although this is slightly less than the savings required in 2013/14, there is less reliance on one-off savings and draw-down of reserves, which means the underlying savings required from front-line budget managers is at least as challenging, if not more so, than in 2013/14.

6. In my presentation to County Council on 13 February, I suggested the 'traffic light' ratings of the savings were as follows:

Green:	62%
Amber:	38%
Red:	0%

7. The outcome of this 'risk assessment' was very similar to the previous year. However, there are some different risks this year, resulting from Facing the Challenge (FtC). This is mainly due to the new directorate formation, and the movement and/or loss of key staff. Consequently, we have re-introduced the Savings Project Initiation Document (PID) process, which is underway and due for completion by 1 May. For new Members to the Council who are not familiar with the PID process, I will do a short introduction to the process as part of the discussion of this report at this Committee. In the meantime, a copy of the PID template that Managers are being asked to complete, is attached at Appendix 1.
8. From the initial PID returns, and from what has changed since the budget was approved, there is nothing significant to report, either good or otherwise.
9. Members can monitor progress against the savings plan, and the budget overall, through the regular monthly reporting to Cabinet. An update report on savings will be provided to this Committee in September.

Recommendation

10. Members are asked to NOTE for assurance the progress on the 2013/14 and 2014/15 revenue budget savings.

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Background Documents

Monthly Budget Monitoring Reports to Cabinet
2014/15 Budget report
2013/14 and 2014/15 Budget Books
2013-15 and 2014-16 Medium Term Financial Plans

