

By: Cabinet Member for Finance and Procurement – John Simmonds
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To: Governance and Audit Committee – 3 Oct 2014

Subject: Update on 2014-15 Budget Savings Programme

Classification: Unrestricted

Summary: This report asks Members to note the position

FOR ASSURANCE

1. Introduction

1.1 As reported in the paper that came to this committee in April, the savings target for the 2014-15 financial year is £81.4m. This is being continually monitored to ensure that savings targets are met or that alternatives are found.

2. Current Position

2.1 Progress against savings is best shown against the latest monitoring report for Q1 for 2014-15 which went to Cabinet on the 15 September. This forecasts a net overspend (excluding schools) of £5m as detailed below.

Directorate + = an overspend - = an underspend	Budget £'000	Net Variance (before mgmt action) £'000	Manage ment action already in place * £'000	Net Variance (after mgmt action) £'000
Education & Young People's Services	82,403.6	+1,290	-500	+790
Social Care, Health & Wellbeing - Specialist Children's Services	127,190.1	+5,220	-2,150	+3,070
Social Care, Health & Wellbeing - Asylum	280.0	+2,304	-	+2,304
Social Care, Health & Wellbeing - Special Operations	-	+609	-	+609
<i>Sub Total SCH&W - Specialist Children's Services</i>	<i>127,470.1</i>	<i>+8,133</i>	<i>-2,150</i>	<i>+5,983</i>
Social Care, Health & Wellbeing - Adults	342,987.4	+3,887	-3,700	+187

Social Care, Health & Wellbeing - Public Health	0.0	-	-	-
Growth, Environment & Transport	179,674.3	-1,439	-	-1,439
Strategic & Corporate Services	81,690.7	+703	-703	-
Financing Items	126,086.5	-147	-	-147
TOTAL (excl Schools)	940,312.6	+12,427	-7,053	+5,374
Committed roll forward			-	+12
Underlying position			-7,053	+5,386
<i>Schools (E&YP Directorate)</i>	-	+3,015	-	+3,015
TOTAL	959,297	+15,442	-2,150	+8,401

* Management action is where there is potential to reduce an overspend through the implementation of new plans/policies and strategies.

2.2 Delivering services within budget is getting increasingly difficult after several years of funding reductions, with yet more to come. This year's budget has less reliance on one-off savings and use of reserves meaning there are fewer 'in the bag' savings at this stage of the year. The restructure of service directorates and changes of senior staff adds further risk to delivery.

2.3 The very latest information suggests that some of the £7m management action shown in the table above is having a positive impact, although it is still too early to predict the precise impact on the bottom-line.

2.4 In relation to the savings PID's, the majority of the A-Z lines where savings are required are forecasting to break even or deliver an underspend. We will be looking to see whether this is due to delivering the savings plans identified or whether the savings have been made through alternative means giving rise to the possibility of greater savings being achieved. However, the main areas of concern are within the Social Care, Health and Wellbeing Directorate where the majority of the overspend is being forecast, this is after forecasting delivery of the transformation savings which are due to be realised in the second half of the year. The overspend is largely due to unachievable savings within Specialist Children's Services and the pressure in relation to Asylum, reflecting the impact of the recent offer from the Home Office now that we no longer receive a Gateway Grant.

2.5 Directors and Heads of Service within directorates own the savings and must deliver them (or an alternative). The Finance Business Partners are closely monitoring the progress and delivery of these savings. Any

concerns of non delivery will be raised with the Corporate Director and Cabinet Member.

3. Recommendation

3.1 Members are asked to note this report.

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