BRIEFING PAPER FOR MABSARP

TITLE	AUTHOR	ITEM NO	MABSARP DATE
Progress with Delivering Savings 2013/14 Position as at End December 2013	**Mizanur Rahman** **Financial Planning Accountant** Ext.1782	**TBC**	**12th February 2013**

1. INTRODUCTION/SUMMARY

1.1 This briefing note provides an update on the delivery of revenue savings that need to be achieved in 2013/14(Appendix 1); it also highlights areas currently identified as being at risk in 2013/14 and 2014/15 onwards

1.2 The briefing note also provides commentary on whether savings are being delivered within the parameters approved by members and, where they are not, explanations as to how non-deliverable saving targets are being covered off are provided.

2. RECOMMENDATIONS

2.1 MABSARP is recommended to note the updates contained within this report.

3. DIRECTORATE UPDATES – 2013/14

Graph 1: RAG COUNT

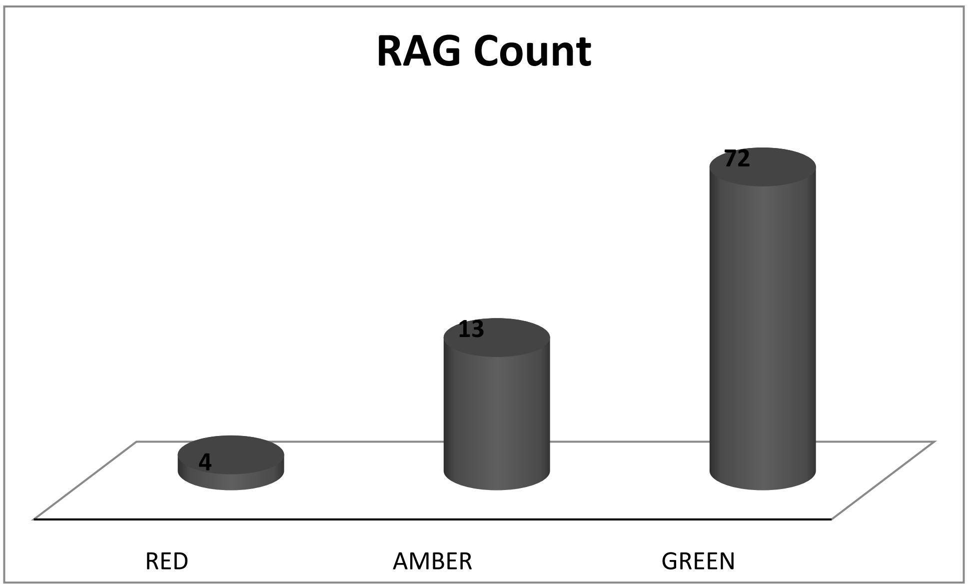

Table 1: Total savings portfolio - Total Savings 2013/14

Programme Description	Target Saving	Expected	Variance	RED	AMBER	GREEN	Comment(s)
Education Social Care and Wellbeing	10,681	10,681	0	2	10	32	On track for 2013/14. Review one-offs for future years.
Development & Renewal	5,542	5,542	0	2	0	6	Risk: BAM: Asset Rationalisation and Maintenance costs from surplus assets. Remaining elements on track.
Chief Executive's	187	187	0	0	0	3	On Track.
Resources	1,850	1,850	0	0	1	7	Long term alternatives to One-stop shop closure being investigated, one-off solution in place for 2013/14.
Communities Localities and Culture	5,501	5,501	0	0	2	18	Broadly on track, however a number of areas such as GLL income and advertising income need to be reviewed.
Corporate	5,568	5,568	0	0	0	6	
Total	**29,329**	**29,329**	**0**	**4**	**13**	**72**	

3.1 Period 9 - 2013/14 Update

Table 1 shows a target of £29.3m as opposed to the reported 2013/14 target of £27.5m. The difference relates to an element of 2012/13 savings (£1.8m – ESCW), which were covered off through one-off measures (grant maximisation and vacancy management) and hence will need to be achieved again for 2013/14 and onwards.

3.1.1 Directorates are reporting savings targets as being broadly on track for 2013/14. There are risks identified, which is being closely monitored, in hand or where alternative solutions have been found to cover off the target saving.

4. RISKS AND FUTURE OUTLOOK

Table 2: Risk Log for Savings 2013/14

DIRECTORATE		RISK RATING			TOTAL
		HIGH	MEDIUM	LOW	
ESCW	ISSUES COUNT	2	8	1	11
	AMOUNT	**£1,895k**	**£1,268k**	**£100k**	£3,263k
D&R	ISSUES COUNT	0	2	0	2
	AMOUNT	**£0k**	**£220k**	**£0k**	£220k
CHEX	ISSUES COUNT	0	0	0	0
	AMOUNT	**£0k**	**£0k**	**£0k**	£0k
RES	ISSUES COUNT	0	0	1	1
	AMOUNT	**£0k**	**£0k**	**£202k**	£202k
CLC	ISSUES COUNT	0	1	1	2
	AMOUNT	**£0k**	**£495k**	**£600k**	£1,095k
CORP	ISSUES COUNT	0	0	1	1
	AMOUNT	**£0k**	**£0k**	**£150k**	£150k
GRAND TOTAL	ISSUES COUNT	2	11	4	**17**
	AMOUNT	**£1,895k**	**£1,983k**	**£1,052k**	**£4,930k**

4.1 2013/14 - Current Year: £Nil at Risk

Although there are currently £5m worth of savings identified in the risk log (table 2 and appendix 2) directorates have mitigating strategies in place, which will ensure that 2013/14 savings will be achieved. Therefore there is no amount at risk reported for period 9. The mitigating strategies have primarily been achieved through a number of one-off measures and decisions pending, which will require attention and close monitoring going forward into 2014/15.

4.2 Future Outlook – 2014/15 onwards: £3.3m at Risk

There is an ongoing risk, amounting to circa £3.3m, primarily relating to one-off measures and pending contracts/projects, which have yet to be confirmed or where alternative measures have been found on a recurring basis. These will need to be addressed or accounted for as additions to future years' savings targets:

- £2m – ESCW
- £202k – RES
- £1.1m – CLC

4.3 **Education Social Care and Wellbeing (ESCW)**

Although there are a total of 11 issues logged, they are all either covered off or in hand through having mitigating strategies in place.

Vacancy management has an estimated shortfall of £1.4m. A strategy is in place to cover this risk and achieve the Directorate's overall savings target for 2013/14.

Of the measures utilised in 2013/14 to meet the Directorate's overall savings target, circa £2m are non-recurring (primarily grant maximisation and vacancy management) and hence represent a risk for future years. Mitigating strategies are currently being investigated, with a resolution expected by the end of the financial year.

4.4 **Chief Executives**

No risks reported.

4.5 **Communities Localities and Culture (CLC)**

Although reporting broadly on track to deliver savings targets for 2013/14, there are potential risks for future years related to the GLL share of income (£495k), where there is no formal written agreement in place. Additionally, the opportunity relating to generating £600k of advertising income has slipped into 2014/15. The directorate will be providing an explanation as to how they will cover off the gap created, in a separate paper.

The Directorate also has 3 new savings amounting to £415k to achieve in 2014/15. Two of these savings totalling £265k (£65k Market fees and £200k Depot consolidation) are at a very high risk, with no alternative proposals currently in place.

4.6 **Development and Renewal (D&R)**

Issues that are currently logged relate to the Better Asset Management programme. The asset rationalisation opportunity (£125k) will be resolved pending the finalisation of the Corporate Landlord Model (circa Quarter 4). The £95k savings from maintenance of surplus assets is pending, whilst agreement is sought from members.

Agreement on both matters is expected to be achieved by the end of this financial year.

4.7 **Resources**

The Rationalisation of One Stop shops opportunity is no longer going ahead. An alternative arrangement is in place to cover this in 2013/14 only. Long term recurring alternative(s) are being investigated.

4.8 **Corporate**

The Treasury Management Investment Income saving will be unable to yield the £150k originally forecast for 2013/14. This is due to adverse economic conditions. Alternative proposals to cover this from overall budget slippages have been finalised.

5. RECOMMENDATIONS

5.1 MABSARP is recommended to:

- Identify areas of concern for action or further exploration; and
- Note update on savings delivered so far in 2013/14.
- Note risk update for 2014/15 and beyond.