

REPORT TO CABINET

REPORT OF: DIRECTOR OF FINANCE AND
STRATEGIC RESOURCES

REPORT NO: FIN 236

DATE: 24 May 2005

TITLE:	UPDATE ON FINANCIAL ISSUES 2005/2006
FORWARD PLAN ITEM:	NOT RELEVANT
DATE WHEN FIRST APPEARED IN FORWARD PLAN :	NOT RELEVANT
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	BUDGETARY FRAMEWORK

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	CORPORATE FINANCE
CORPORATE PRIORITY:	CORPORATE GOVERNANCE
CRIME AND DISORDER IMPLICATIONS:	NONE
FREEDOM OF INFORMATION ACT IMPLICATIONS:	NONE
BACKGROUND PAPERS:	NONE

Introduction

1. The purpose of the report is to update the Cabinet on:
 - (a) the use of the Capacity and Priority Setting Budget
 - (b) update on areas of risk identified in the Budget - Supporting People Grant
 - (c) Medium Term Financial Strategy
 - (d) Gershon Backward looking statement.

Recommendations

- (a) It is recommended that £200,000 be allocated from the Capacity and Priority Setting Budget to the Salaries Budget.
- (b) £50,000 be retained for one-off capacity funding.
- (c) The Supporting People Grant offer be approved.
- (d) The Chief Executive, Leader and myself sign off the backward looking Gershon statement for 2004/2005.
- (e) The Leader and Finance Portfolio holder contribute to the Medium Term Financial Strategy (MTFS).

Details of Report

A Capacity and Priority Setting Budget

- A1 The use of this budget for 2005/2006 will primarily be used for salary related expenditure in areas where clear capacity issues have arisen. In particular Financial Services and Housing Services.

Financial Services

- A2 It has been recognised that additional Corporate Finance Support is required. The additional work required under the 'Use of Resources' assessment will mean an increase to financial management capacity is necessary. In addition the work required on the Procurement agenda means overall, £80,000 should be allocated to the salaries budget, for this purpose.

Housing Services

- A3 The housing inspection and subsequent review has highlighted the need to increase capacity within the General Fund for Strategic Housing. £60,000 should be allocated to the salaries budget for this purpose.

Other uses

- A4 It is expected that further capacity within member training and community services means additional allocations may be required to support capacity building.
- A5 Overall I recommend £200,000 be allocated to the salaries budget and £50,000 returned for one-off projects.

B Budget Risks - Supporting People

- B1 As the Cabinet will recall I had concerns over the level of Supporting People Grant likely to be received in 2004/2005 and 2005/2006 and highlighted this as an area of risk within the Budget.
- B2 Following lengthy discussions with the County Council and Supporting People Team I can now inform the Cabinet that an offer has been made that mitigates the risk.
- B3 The offer is £167,000 one-off payment for 2004/2005 and retention by SKDC of refunds - thus a total of about £180,000. For 2005/2006 a guaranteed income level of £825,000 which is about the expected level for the contract and gives improved financial stability to the service.
- B4 The SKDC model is one which the Supporting People team wish to pursue countywide, and therefore we are required to:
- (a) do detailed cost-work during 2005/2006 to explain progress to the team
 - (b) undertake a service review. The Supporting People team will work as critical friends to the process, which will prove valuable for the service.
- B5 The Grant offer is a good one and I recommend the Cabinet approves it.

C Gershon Backward Looking Statement 2004/2005

- C1 This statement is due to be submitted by June 16th. It needs to be signed off by the Leader, Chief Executive and myself. Any efficiency savings related to 2004/2005 can be deducted from the target savings over the period 2005/2006 - 2007/2008. I shall update the Cabinet at a later date on the savings identified for 2004/2005.

D Medium Term Financial Strategy (MTFS)

- D1 Given the requests for additional financing, the level of savings required to redirect into priorities, it is an appropriate time to revise the MTFS. I propose this is completed by the end of July in order to feed into early consideration of budget issues for 2006/2007. The Leader and Finance Portfolio are asked to contribute to this work.

Conclusions

The report has updated the Cabinet in some key finance areas.

