

FINANCIAL UPDATE

Contact Officers: Jim Burness (01494 732095/01895 837217)

RECOMMENDATIONS

It is recommended that the report is noted.

Purpose of Report

- 1 To inform the Joint Committee on the financial position of the Business Case now that the first phase relating to the senior management arrangements is largely completed.

Links to Policy Objectives

- 2 The two Councils have committed to the project to share management as a means of improving the resilience and quality of services, and reducing costs for Council Tax payers.

Information

- 3 The Business Case approved by the two Councils to underpin the move towards closer working and co-operation set out for the first phase of the establishment of a single senior management arrangements, a number of financial assumptions.
- 4 The joint working has now reached the stage where the following has been achieved.
 - Chief Executive and two Directors in post for the two authorities.
 - Seven out of the eight Heads of Service posts appointed to, with six officers in post, and the seventh starting in December.
 - The final post in the structure, Head of Customer Services will be recruited to in the coming months with the intention of filling the post in early 2013.
 - Five people will have left the two Councils by the end of the financial year.
 - External support has been engaged to assist the next phase of the Business Case, and programme management support has been identified.

- 5 Appendix A shows the current financial position based on the appointments made to date and an assumption regarding the one outstanding post in the management structure. It also compares the position against the Business Case. In summary the key points to note are:

	Position Oct 2012 £	Business Case £
Full Year Savings	660,335	600,180
Net Savings over 3 Years	782,232	489,629
Pay Back Period	1.4 yrs	1.4 yrs

Resources and Other Policy Implications

Finance

- 6 The financial savings that will accrue from 2013/14 onwards will be built into the respective authorities' budgets. In a full year they are respectively £234k for SBDC and £426k for CDC.

Procurement

- 9 No implications.

Personnel

- 10 It will be important in the future to maintain good professional personnel advice to the programme to help best deliver the benefits of change and transformation. This has been proven by the experience of providing this key support to the phase 1 work.

Risks

- 11 The programme report made regularly to this Committee identifies the programme risks and these will evolve as the programme progresses, and will be kept under review by the senior management.

APPENDIX A

BUSINESS CASE FINANCIAL POSITION STATEMENT

As at October 2012

	2012/13	2013/14	2014/15	Business Case
	£	£	£	£
Existing Senior Mgt structure	1,816,775	1,816,775	1,816,775	1,816,775
New Senior Mgt structure	871,733	1,156,440	1,156,440	1,216,595
Existing posts continuing for limited period	568,480	0	0	0
Saving on Staffing	376,562	660,335	660,335	600,180
Business Case Costs				
Programme Mgt Support	27,000	35,000	0	
HR Support	55,000	0	0	
Transformation	93,300	39,700	0	250,000
Redundancy etc	665,000	0	0	591,881
Total Business Case Costs	840,300	74,700	0	
				Savings over 3 Yrs
Net saving(+)/cost(-)	-463,738	585,635	660,335	782,232
Business Case Net saving(+)/cost(-)	57,319	-167,870	600,180	489,629