

GERSHON SAVINGS – 2006/07

1 SUMMARY

- 1.1 The Council is required to submit a statement to Government on how it proposes to achieve the savings required under the Gershon initiatives. These savings are a mix of both cashable and non cashable.

2 INTRODUCTION

- 2.1 There are standard targets set for all Councils that relate to the budgets of the Council. For 2005/06 and 2006/07 the target is £270,000 per year of which 50% must be cashable.
- 2.2 Within the budget strategy there are also target savings. The two are not always the same. For example, Gershon savings must not impact on services and some Gershon savings may already be reflected in the 2006/07 budget. This report is only aimed at the Gershon savings. However, where they affect the budget, savings will be identified.
- 2.3 A report will be made at a later date on the budget savings

3 REVIEW OF EXISTING GERSHON SAVINGS

- 3.1 In 2005 the Council submitted both the annual efficiency statement for 2005/06 and the backward look statement in respect of 2004/05. The following is the summary of these statements. It shows the original proposals together with the expected saving likely to be achieved from each of these areas:-

No.	Proposal	Total Savings £	Cashable £	Non-Cashable £	Progress
1	Annual statement 2005/06 Holmes Place leisure contract – profit share	105,000	100,000	5,000	Profit share for 2005/06 not identified as yet. £50,000 built into the 2006/07 core budget as an on-going basis. This has not therefore been included as achieved in 2005/06.
2	Recycling contract – income from additional tonnage	37,000	37,000		To date additional income has been generated and included in the 2005/06 core budget. This has been included as achieved in 2005/06 however any savings will be clarified at year end.
3	Review of printing and copying	6,000	6,000		Review underway. This has been included as achieved in 2005/06
4	Procurement – optimum levels of equipment	72,000	5,000	67,000	Procurement options still under discussion. This has not been included as achieved in 2005/06
5	Productive time – reduce sickness levels	23,000		23,000	Quarterly figures to date show sickness levels decreasing however not sufficient to amend the forward estimate. This has been included as achieved in 2005/06
6	Procurement – Joint working and partnerships	23,000	22,000	1,000	Now part of wider discussions on future service delivery. This has not been included as achieved in 2005/06.
7	E Government	22,000	20,000	2,000	Will be assessed at year end. This has not been included as achieved in 2005/06.

		Total Savings	Cashable	Non-Cashable	
	Totals from forward statement	288,000	190,000	98,000	
8	Backward looking For 2004/05 Homelessness	100,000	100,000		Achieved. Reduced figure included within core budgets
9	IT contract – 2% reduction per year	12,300	12,300		Achieved Reduced figures included in core budget
10	Electronic Electoral registration	3,230		3,230	Achieved – Reduced figures included in core budget
11	Procurement of stationery and paper	2,670	2,670		Achieved – Reduced figures included in core budget
12	Leisure contract – Holmes place employment of engineer for contract – no additional cost to RDC	23,000		23,000	Achieved – in place
	Totals from backward look statement	141,200	114,970	26,230	
	Overall Totals	429,200	304,970	124,230	

- 3.2 As previously mentioned the target for 2005/06 was £270,000, of which 50% should be cashable (£135,000). From the above the cashable savings are now estimated at around £150,000 and non cashable £49,230.
- 3.3 On the basis of the original submission there will be an under achievement on the non cashable target. However, when the Authority submits the backward looking statement for 2005/06 later this year, we can include other items not identified at the time of the original submission. At the moment this is likely to be the Street Cleansing contract. This is a fixed price contract estimated at £375,000 in 2005/06. Statistics currently show that the tonnage of street sweeping collected has increased by over 40% in 2005/06. This will produce non cashable savings of around £150,000 to achieve the target.

4 PROPOSED SAVINGS FOR 2006/07

- 4.1 The Council is required to save a further £270,000 in 2006/07. The cashable element is not less than £135,000. The proposals to achieve this are as follows:-

No.	Proposal	Total Savings £	Cashable £	Non-Cashable £	Progress
1	Annual statement For 2006/07 Holmes Place leisure contract – profit share	50,000	50,000		Profit share for 2006/07 of £50,000 built into the 2006/07 core budget as an on-going basis
2	Rayleigh Leisure Centre – Re financing	165,000	165,000		The original tender process identified Holmes Place to design build and run the new leisure centre. The Council will now undertake the funding of the centre at lower financing costs
3	Street Cleansing	38,000		38,000	Further increase in tonnage within the fixed price contract
4	Reduction in Sickness level	20,000		20,000	Further reduction in staff sickness level
	Totals	273,000	215,000	58,000	

- 4.2 As can be seen from the above the target can be achieved.

5 RISK IMPLICATIONS

- 5.1 The Council has to comply with the Government requirements otherwise it will be used as evidence of poor management

6 RESOURCE IMPLICATIONS

- 6.1 The cashable savings have already been built into the Budget Strategy.

7 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES**

- (1) To agree to the above being included in the annual efficiency statement for 2006/07
- (2) That the Leader of the Council, the Chief Executive and the Chief Financial Officer sign off the submission.

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Background Papers:-

None

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