

**BABERGH DISTRICT COUNCIL**

**FROM:** Director of Finance

**REPORT NUMBER:** **H210**

**TO:** OVERVIEW AND SCRUTINY  
(STEWARDSHIP) COMMITTEE

**DATE OF MEETING:** 24 March 2009

**BUDGET SCRUTINY - STAFFING AND OTHER COSTS**

**1. PURPOSE OF REPORT**

- 1.1 This report is to provide the Committee with key information on variations on HQ salary and associated costs as requested at the January budget scrutiny meeting.
- 1.2 The report is to clarify the underlying reasons for variations between the revised 2008/09 budget and 2007/08 actuals with particular reference to one off costs in 2008/09 that are not anticipated to be repeated in subsequent years.
- 1.3 It also sets out to clarify the key variations between the 2008/09 and 2009/10 budgets and explains the future savings, which are anticipated from the 2009/10 budget.

**2. RECOMMENDATIONS**

- 2.1 That the content of the report be noted and accepted.  
  
The Committee is able to resolve this matter.

**3. FINANCIAL IMPLICATIONS**

- 3.1 This is an information report and there are no financial implications resulting from this report.
- 3.2 The report aims to provide clarity in terms of ongoing financial savings, which is also inline with the reduction in the number of FTEs over the recent years.

**4. RISK MANAGEMENT**

- 4.1 This report is most closely linked with the Council's Significant Business Risk No. 7, Financial Performance and Risk Management and No.8- Efficiencies and savings although there are no specific risks relating to this report.

**5. KEY INFORMATION**

- 5.1 The relevant figures are summarised in table 1:

**Table 1**

	2007/08 Actuals £000	2008/09 Budget		2009/10 Budget £000
		Original £000	Revised £000	
Salaries (incl. pension/NI)	8,195	8,915	8,872	9,281
Other Employee costs	305	366	449	383
Supplies and Services	914	991	1,061	964
Transport	281	289	286	277
Capital Charges	164	593	501	481
Income	(90)	(72)	(138)	(105)
	9,769	11,082	11,031	11,281*

\*Please see table 3

## Salaries and Wages

### 2008/09 Revised budget Comparison

5.2 The revised budget shows an increase of over 8% compared with 2007/08 actuals. The main variations are summarised as:

- A one off pension costs of £117K relating to savings generated in 2007/08 is included in 2008/09 revised budget. This cost will not be repeated in 2009/10 whilst ongoing savings of around £90K per annum will continue whilst the posts remain vacant.
- There are additional salary costs, which are offset by external contributions/ funding of around £55K.
- Temporary staffing costs of around £25K will be met from the CAST budget
- Further savings of around £50K is assumed before the year-end.

5.3 Allowing for these variations, the like- for like position can be compared as follows in table 2:

**Table 2**

	2007/08 Actuals £000	Revised 2008/09 £000
Salaries (incl. pension/NI)	8,195	8,872
Pension costs relating to 2007/08 savings	117	(117)
CAST		(25)
External contributions		(55)
Additional savings		(50)
3.8% increase between 2007/08 actual and 2008/09 revised budget	8,312	8,625

- 5.4 The annual pay increase for 2008/09 was set at 3%. As indicated in the table above the overall increase after adjustments is 3.8%, which also include incremental costs.

### 2009/10 Budget Comparison

- 5.5 In terms of the overall 2009/10 budget, this assumes that vacancy savings of £250,000 will be achieved on the establishment budget of nearly £9.3m. On the basis that this saving is fully achieved, the increase from the 2008/09 revised budget would be as follows in table 3:

**Table 3**

	£000
2009/10 budget, based on a full establishment	9,281
Less: Allowance in the Budget for savings as a result of vacancies	(250)
Less: External contribution	(55)
Less: CAST	(26)
	8,950
Percentage increase on 2008/09 revised budget (after adjustments as per table 2) of approaching £8.6m	3.8%

- 5.6 In addition, it should be noted that the 2009/10 overall budget allows for further efficiency savings from staffing and other budgets of £125,000. This will reduce the staffing costs further. There are no increases in staffing levels in the 2009/10 budget even though it does allow for the continuation of an affordable housing officer and the substance misuse officer as agreed through the SFP process. Upon posts becoming vacant rigorous evaluations will continue to be undertaken on whether the post(s) should be filled. The number of FTEs budgeted for in 2009/10 are about 5 FTEs less than 2008/09 levels.

### Other Costs

- 5.7 In terms of other costs, one of the main reasons for variations between the years is that some unspent budgets are carried forward each year. These are, therefore, reflected in the 2008/09 revised budget (but obviously not in the 2007/08 actuals as that money was not spent) and do not feature in the 2009/10 base budget.

In terms of specific items carried forward and other reasons for the variations between years in each area, details are set out below:

- Other Employee costs

This includes costs such as qualifications , corporate training and recruitment. Unspent training and recruitment budgets of £75k in 2007/08 were carried forward to 2008/09 and included in the revised budget.

The 2009/10 budget of £383k represents a 2.4% increase on the revised base budget, excluding the carry forwards, of £374k.

- Supplies & Services

The main elements of this budget are ICT costs and central legal costs. The revised budget for 2008/09 includes £52k carried forward from 2007/08 and a budget transfer of £75k from planning service budgets. Allowing for these, the overall 2008/09 revised base budget of £934k is only 2.2% more than the 2007/08 actual costs.

The 2009/10 budget of £964k represents a 3.2% increase on the 2008/09 revised base budget.

- Transport

The revised budget for 2008/09 is only showing a small increase in comparison to 2007/08 actuals due to savings on leased cars. The 2009/10 budget includes a larger saving of around £12K, which is largely due to the ongoing savings on the leased car scheme.

- Capital Charges

These are notional charges and are based on use of asset and their book values. These are offset by corresponding amounts elsewhere in the budget with no overall impact on the budget position or net costs.

- Miscellaneous Income

The revised budget for 2008/09 includes a one-off income of £45K that was not received in 2007/08 and is not included in the 2009/10 budget.

5.8 The full analytical review of the budgets reflects that allowing for adjustments the variation are in line with expectations and one costs are off set by a short payback period resulting in on ongoing savings in the Council's budget.

6. **APPENDICES**

None.

7. **BACKGROUND PAPERS REFERRED TO**

Policy and Budget Framework 2009/10.

**CONTACT:** Barry Hunter

**EMAIL:** [barry.hunter@babergh.gov.uk](mailto:barry.hunter@babergh.gov.uk)