

Full Council 30 July 2019 - Structural Change Senior Leadership Team

Financial Implications Clarification

1. The incremental full year costs of the four proposed Director posts, after taking into account the removal of 3 other posts within the structure (Deputy Chief Executive, Executive Assistant and Funding Manager), is £254k (GF: £183k; HRA: £71k) per annum (based upon 2019/20 salaries). These costs will be built into the Medium Term Financial Plan and HRA Business Plan for the Council for 2020/21 onwards.
2. The Deputy Chief Executive redundancy will be funded from the existing approved funds.
3. The impact upon the salary budgets for 2019/20 is £19k and costs of recruitment are estimated to be up to £75k. Therefore the total additional costs in 19/20 are £94k. It is recommended that this is funded by £26k from HRA general balances, £50k from the GF CEO earmarked reserve and £18k from the business rate pooling gain from 18/19 which is within the Business Rate Smoothing Earmarked Reserve.
4. The following table provides a summary of the additional part-year costs and funding within the 2019/20 financial year (adding to the Budget approved in February 2019) and the ongoing full year impact for the 2020/21 Base Budget. The Council will need to formally consider how the future year costs will be met as part of the budget setting process for 2020/21, and agree measures to offset the costs through additional income and/or efficiencies in order to maintain a balanced budget.

	£k	£k
Cost of 4 Director posts (assumes 3 months in 2019/20)	128	512
Less: Costs removed for deleted posts	-109	-258
Net establishment cost increase	19	254
Provision for one-off recruitment and related costs	75	0
Total Estimated Costs	94	254
Funding – 2019/20 One-Off Costs:		
General Fund earmarked reserve	50	
Business Rates earmarked reserve (pooling gain)	18	
HRA Reserve	26	
Funding – 2020/21 Budget Addition:		
General Fund Revenue Budget - service costs		183
HRA Revenue Budget service – costs (Detailed funding plan to be addressed through 2020/21 budget setting process)		71
Total Funding	94	254