



# REPORT TO EXECUTIVE

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## PORTFOLIO AREA: FINANCE, GOVERNANCE & RESOURCES

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Date of Meeting: 19 November 2012

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Public

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Key Decision: Yes

Recorded in Forward Plan: Yes

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Inside Policy Framework

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**Title: BUDGET 2013/14 to 2017/18  
SUMMARY OF NEW SAVING PROPOSALS AND ADDITIONAL  
INCOME**

**Report of: DIRECTOR OF RESOURCES**

**Report reference: RD45/12**

### Summary:

The report summarises proposals for savings and additional income generation to be considered as part of the 2013/14 budget process.

### Recommendations:

The Executive is asked:

- (1) To give initial consideration to the proposed reductions to the base budget from 2013/14 onwards, for forwarding to the relevant Overview and Scrutiny Panels as part of the budget consultation process.
  
- (2) To note that SMT will continue to investigate efficiencies and savings in accordance with the Transformational Savings Strategy.

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**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None**

## CITY OF CARLISLE

To: The Executive  
19 November 2012

RD45/12

### BUDGET 2013/14 TO 2017/18 – SUMMARY OF SAVINGS PROPOSALS

#### **1. BACKGROUND INFORMATION AND OPTIONS**

- 1.1 As part of the budget process for 2013/14, the Executive is asked to consider the savings and additional income generation proposals set out below.
- 1.2 The Savings Strategy approved by Council on 11 September 2012, focused on the following areas to deliver the savings required to produce a balanced longer term budget:
  - Asset Review – this will focus on introducing a Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs on a recurring basis.
  - Service Delivery Models – As part of the transformation programme, alternative options for service delivery will be considered in order to make significant financial savings whilst still delivering good standards of service. The options under consideration will include shared services and commissioning of services.
  - As part of the transformation programme a review of those services which do not fall within the Council's core priorities or which are not statutory will be undertaken to ensure that services are properly aligned to what the Council wants to achieve.
- 1.3 The detailed programme of reviews, together with specific targets, is monitored by SMT, the Executive and Overview and Scrutiny. They monitor how well services perform against both the objectives of the review and against the Strategy itself.
- 1.4 At this stage, the Executive (and Overview and Scrutiny) is asked to give initial consideration to new proposals for further permanent reductions in base expenditure budgets and also increases to income budgets from 2013/14 onwards. The requests need to be considered in the light of the projected budget shortfall contained in report RD43/12 elsewhere on the agenda and also the spending pressures (RD44/12).

## 2. SAVING PROPOSALS

2.1 The savings review, undertaken by Senior Management Team challenged, prioritised and reviewed current base budgets. The results of the review are summarised in the tables below which set out proposals for new savings over and above those already being progressed.

2.2 The recommendations from the review are summarised in Table 1 below.

**Table 1 Summary of savings proposed**

<b>Detail</b>	<b>Note</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>
<b><u>Savings Proposed</u></b>						
2012/13 Pay Award Savings	2.3	(110)	(110)	(110)	(110)	(110)
Council Tax Discounts Review	2.4	(90)	(90)	(90)	(90)	(90)
Leisure contract saving	2.5	0	0	(250)	(250)	(250)
Asset Review	2.6	(8)	(8)	(16)	(16)	(16)
Housing Benefit Admin Grant	2.7	(94)	0	0	0	0
Transformation Savings Reprofiling	2.8	700	650	587	36	0
Transformation Savings Reprofiling	2.8	(1,534)	(834)	(623)	(36)	0
Transformation Savings	2.9	0	0	?	?	?
<b>Total of Savings</b>		<b>(1,136)</b>	<b>(392)</b>	<b>(502)</b>	<b>(466)</b>	<b>(466)</b>
<b>Total Recurring</b>		<b>(1,230)</b>	<b>(392)</b>	<b>(502)</b>	<b>(466)</b>	<b>(466)</b>
<b>Total Non-Recurring</b>		<b>(94)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 2.3 Pay Award Savings 2012/13

The 2012/13 budget included provision for a pay award of 1%. The continued pay freeze in the Public Sector means that this requirement is not needed and this reflects the recurring saving generated.

### 2.4 Council tax discount review

The implementation of the localisation of Council Tax Support scheme has resulted in a review of Council Tax Discounts offered. A report (RD48/12) considered elsewhere on this agenda gives further details of these proposed changes to Council Tax discounts that will generate £90,000 in savings.

## 2.5 Leisure Contract Savings

This relates to the proposal in report RD46/12 for a capital scheme at the Sands Centre in 2015/16. This is linked to the additional borrowing cost considered in RD44/12 considered elsewhere on this agenda.

## 2.6 Asset Review

Savings will be made through the letting of Herbert Atkinson House to Tullie House Trust (subject to agreement being reached).

## 2.7 Housing Benefit Admin Grant

The current Medium Term Financial Plan assumes a reduction in Housing Benefit Admin Grant of £180,000 for 2013/14. Actual allocations have now been received and the reduction is not as much as anticipated. Therefore a non-recurring saving of £94,000 will accrue.

## 2.8 Transformation Savings Reprofilling

Transformation savings have been brought forward meaning that the current schedule of savings built into the Medium Term Financial Plan need revising. The overall impact of making the savings early, gives an additional years recurring savings to increase reserves. Details of this reprofilling can be seen below.

	<b>Cumulative Savings identified as part of 2012/13 Budget £000</b>	<b>Reprofilling £000</b>	<b>Additional Cumulative Savings Required £000</b>	<b>Revised Cumulative Savings required £000</b>	<b>Revised in Year Savings Required £000</b>
2012/13	(600)	0		(600)	(600)
2013/14	(1,300)	700	(1,534)	(2,134)	(1,534)
2014/15	(1,950)	650	(834)	(2,134)	0
2015/16	(2,537)	587	(623)	(2,573)	(439)
2016/17	(2,573)	36	(36)	(2,573)	0

## 2.9 Transformation Savings

In order to achieve a balanced budget for 2013/14 to 2017/18, additional transformation savings will have to be identified in order to address the identified budget pressures as detailed in RD44/12 elsewhere on the agenda

### 3. ADDITIONAL INCOME PROJECTIONS

3.1 The Council also receives income from a variety of other sources which are not subject to Corporate Charging Policy reviews but are still reviewed annually as they generate substantial income for the Council. Although there is additional income expected from Land Charges and Hostel Rents, these are included in the overall pressure to offset the shortfalls in income from Car parking and Development Control fees in Report RD44/12 elsewhere on this agenda.

There is additional income anticipated from other sources.

**Table 2 – Additional Income Projections**

Detail	Note	2013/14	2014/15	2015/16	2016/17	2017/18
		£000	£000	£000	£000	£000
New Homes Bonus	3.2	(349)	(349)	(349)	(349)	(349)
Homelessness Grant	3.3	(66)	(66)	0	0	0
Council Tax Freeze Grant	3.4	(67)	(67)	0	0	0
Land Charges Income	3.5	(10)	(10)	(10)	(10)	(10)
LSCT Relief Grant	3.6	(20)	0	0	0	0
<b>Total additional income</b>		<b>(512)</b>	<b>(492)</b>	<b>(359)</b>	<b>(359)</b>	<b>(359)</b>
<b>Split</b>						
<b>Recurring</b>		<b>(359)</b>	<b>(359)</b>	<b>(359)</b>	<b>(359)</b>	<b>(359)</b>
<b>Non Recurring</b>		<b>(153)</b>	<b>(133)</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 3.2 New Homes Bonus

New Homes Bonus allocation for 2013/14 has not yet been confirmed but early indications are that it will be £349,000 for 6 years.

#### 3.3 Homelessness Grant

Additional government grant has been awarded to support the Council's homelessness function and this grant income will fund the additional expenditure pressure identified in RD44/12 considered elsewhere on this agenda.

#### 3.4 Council Tax Freeze grant

The Government has announced that there will be grants available to authorities who freeze their Council Tax for 2013/14. The MTFP already assumed a zero increase in Council Tax for 2013/14 so the additional grant, equivalent to a 1% increase or £67,000, is included as additional income.

### 3.5 Land Charges Income

It is anticipated that the Land Charges income budget can be increased by £10,000 for 2013/14. Income has recovered well over the past few years performance against budgets has been good.

### 3.6 Local Support for Council Tax Relief Grant

Central Government grant awarded for one year to assist in the implementation of the localisation of council tax support.

## **SUMMARY OF SAVINGS AND INCREASED INCOME PROJECTIONS**

The following Table summarises the overall reductions proposed.

**Table 3 – Summary of Savings and Increased Income Projections**

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
New Savings Proposals (Table 1)	(1,136)	(392)	(502)	(466)	(466)
Additional Income Projections (Table 2)	(512)	(492)	(359)	(359)	(359)
<b>Total</b>	<b>(1,648)</b>	<b>(884)</b>	<b>(861)</b>	<b>(825)</b>	<b>(825)</b>

## **4. CONSULTATION**

- 4.1 Resources, Community and Economy & Environment Overview and Scrutiny Panels will consider the amendments to the base budgets at their meetings in November and December, and feedback any comments on the proposals under consideration to the Executive in December, prior to the Executive issuing their draft budget proposals for wider consultation.

## **5. RECOMMENDATIONS**

The Executive is asked:

- (i) To give initial consideration to the proposed reductions to the base budget from 2013/14 onwards, for forwarding to the relevant Overview and Scrutiny Panels
- (ii) To note that SMT will continue to investigate efficiencies and savings in accordance with the Savings Strategy.

## **6. IMPLICATIONS**

- Staffing/Resources – none
- Financial – contained within the report

- Legal – none
- Corporate – SMT/JMT have considered the reports
- Risk Management – There is a continuing risk to the Council's budget from reliance on income and grants. There is also a risk around the projections due to the uncertainties of the amounts included for items such as RSG which are dependent on more information coming from Central Government.
- Equality Issues – none
- Environmental – none
- Crime and Disorder –none

## 7. IMPACT ASSESSMENTS

An Equality Impact Assessment will be drafted based on the results of the consultation on the 2013/14 budget proposals.

### Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	No	N/A
Disability	No	N/A
Race	No	N/A
Gender/ Transgender	No	N/A
Sexual Orientation	No	N/A
Religion or belief	No	N/A
Human Rights	No	N/A
Social exclusion	No	N/A
Health inequalities	No	N/A
Rurality	No	N/A

**If you consider there is either no impact or no negative impact, please give reasons:**

This report summarises savings proposals for 2013/14 and future years. The report has no direct impact on the above.

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