



REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE & RESOURCES

Date of Meeting: 22 November 2010

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: BUDGET 2011/12 to 2015/16
SUMMARY OF SAVINGS DELIVERED AND NEW PROPOSALS
Report of: ASSISTANT DIRECTOR (RESOURCES)
Report reference: RD57/10

Summary:

The report summarises proposals for savings and additional income generation to be considered as part of the 2011/12 budget process.

Recommendations:

The Executive is asked:

- (1) To give initial consideration to the proposed reductions to the base budget from 2011/12 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.
- (3) To agree to the savings achieved/to be achieved via service reviews etc amounting to £2.890m by 2015/16 to be used to meet the original transformation target of £3m.

Contact Officer: Peter Mason

Ext: 7270

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
22 November 2010

RD57/10

BUDGET 2011/12 TO 2015/16 – SUMMARY OF SAVINGS PROPOSALS

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 As part of the budget process for 2011/12, 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 14 September 2010, focused on the following areas to deliver the savings required to produce a balanced longer term budget:
- Asset Review – this will focus on producing a Development and Investment Plan for the Council's property portfolio with the aim of delivering additional income and reduced costs on a recurring basis.
 - Service delivery models – as part of the transformation programme, alternative methods of service delivery will be considered in order to make further significant financial savings whilst still delivering good standards of service. The options under consideration will be 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 within reduced budgets available.
- 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 2011/12 onwards. The requests need to be considered in the light of the projected budget shortfall contained in report RD54/10 elsewhere on the agenda and also the spending pressures (RD56/10).

1.5 Early work on budget monitoring suggests that the over spends projected for 2010/11 will be contained within existing budgets.

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

Detail	Note App	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £
<u>Savings Proposed</u>						
Efficiency Savings:						
Transformation Savings	2.3					
- Agreed against original target (£3m)	App A	(714,000)	135,000	160,000	110,000	110,000
- Savings currently subject to Executive Decision						
Asset Review		0	(103,000)	(679,000)	(898,000)	(1,240,000)
Tullie House		(174,000)	(232,000)	(232,000)	(232,000)	(232,000)
Concessionary Fares	2.4	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
- Additional in year savings to be found	2.5					
Pay Award	2.6	(182,000)	(184,000)	(189,000)	(193,000)	(198,000)
National Insurance	2.7	(43,000)	(43,000)	(43,000)	(43,000)	(43,000)
Inflation realignment	2.8					
Total of Savings		(1,313,000)	(627,000)	(1,183,000)	(1,456,000)	(1,803,000)

2.3 **Appendix A** shows the savings that have been achieved to date against the original £3m transformation target. These savings have been achieved/will be achieved through various service reviews and directorate restructures.

2.4 Concessionary Fares administration and funding becomes the responsibility of the County Council with effect from 1 April 2011. This £200,000 saving is made by the Council no longer funding enhancements to the concessionary fares scheme once the responsibility for the function transfers to the County Council.

2.5 In order to achieve a balanced budget for 2011/12 to 2015/16, significant additional transformation savings will have to be identified in order to address the funding issues contained within the Spending Review, and other identified budget pressures

as detailed in RD56/10 elsewhere on the agenda. At present the level of these additional savings is uncertain and will depend upon what budget pressures and additional income proposals are supported by Members as well as determining what the precise level of reduction in RSG settlement will be when announced in December. This reduction in RSG is to be phased over 4 years, but with a greater decrease in the first year. Proposals to achieve these further savings where not delegated to the Chief Executive will be subject to separate reports to the Executive.

- 2.6 The Pay Award is currently included in the MTFP at 1% for 2011/12 to 2012/13 reverting back to 2.5% from 2013/14. However, a freeze on public sector pay increases was announced by the Government for 2010/11 and 2011/12, and the savings shown above represents the 1% reduction for 2011/12.
- 2.7 National insurance thresholds have been amended which will generate a recurring saving to the Council of £43,000 per annum.
- 2.8 The inflation currently built into the Medium Term Financial Plan uses base figures as at 2008/09 as the basis. However, with the savings that are now being made through Transformation many of the bases are reducing as costs reduce. Therefore an exercise is being undertaken to re-evaluate the impact of inflation on non-staffing budgets. The results of this exercise will be available for the December Executive meeting.

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. The additional income anticipated as a result of the reviews is set out overleaf.

Table 2 – Additional Income Projections

Detail	Note	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Rent reviews	3.1	(15,000)	(30,000)	(30,000)	(30,000)	(30,000)
Total additional income		(15,000)	(30,000)	(30,000)	(30,000)	(30,000)
Split						
Recurring		(15,000)	(30,000)	(30,000)	(30,000)	(30,000)
Non Recurring		0	0	0	0	0

- 3.1 Rent reviews due to be completed in 2011/12 should net additional £30,000 per annum in rental income from 2012/13, with a half year affect expected in 2011/12.

4. 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	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £
New Savings Proposals (Table 1)	(1,313,000)	(627,000)	(1,183,000)	(1,456,000)	(1,803,000)
Additional Income Projections (Table 2)	(15,000)	(30,000)	(30,000)	(30,000)	(30,000)
Total	(1,328,000)	(657,000)	(1,213,000)	(1,486,000)	(1,833,000)

5. CONSULTATION

- 5.1 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.
- 5.2 The Executive supported by the Strategic Director will be undertaking a public consultation exercise to gauge public views on the draft budget proposals and proposed savings.

6. RECOMMENDATIONS

The Executive is asked:

- (i) To give initial consideration to the proposed reductions to the base budget from 2011/12 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.
- (iii) To agree to the savings achieved/to be achieved via service reviews etc amounting to £2.890m by 2015/16 to be used to meet the original transformation target of £3m.

7. IMPLICATIONS

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

- Corporate – SMT/JMT and SPG 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

8. IMPACT ASSESSMENTS

An Equality Impact Assessment will be drafted based on the results of the consultation on the 2011/12 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 2011/12 and future years. The report has no direct impact on the above.

PETER MASON
Assistant Director (Resources)

Contact Officer: Peter Mason

Ext: 7270

Savings Made as at 22 November 2010

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<u>Management Restucture</u>	(826)	(806)	(795)	(795)	(795)	(795)
<u>Resources</u>						
Restructures & Service Reviews complete	(154)	(211)	(211)	(211)	(211)	(211)
<u>Governance</u>						
Restructures & Service Reviews complete	(81)	(77)	(75)	(75)	(75)	(75)
<u>Chief Executives</u>						
Restructures & Service Reviews complete	(93)	(65)	(65)	(65)	(65)	(65)
<u>Local Environment</u>						
Restructures & Service Reviews complete	(422)	(542)	(532)	(507)	(557)	(557)
<u>Community Engagement</u>						
Restructures & Service Reviews complete	(11)	(75)	(75)	(75)	(75)	(75)
<u>Economic Development</u>						
Restructures & Service Reviews complete	0	0	0	0	0	0
<u>TOTAL</u>	(1,587)	(1,776)	(1,753)	(1,728)	(1,778)	(1,778)

APPENDIX A (cont)

Transformational savings being progressed via service reviews etc under the remit of the Head of Paid service (TCCE)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<u>Resources</u>						
Restructures & Service Reviews ongoing	(10)	(215)	(221)	(221)	(221)	(221)
<u>Governance</u>						
Restructures & Service Reviews ongoing	0	0	0	0	0	0
<u>Chief Executives</u>						
Restructures & Service Reviews ongoing	0	(75)	(75)	(75)	(75)	(75)
<u>Local Environment</u>						
Restructures & Service Reviews ongoing	0	(319)	(469)	(469)	(469)	(469)
<u>Community Engagement</u>						
Restructures & Service Reviews ongoing	0	(149)	(157)	(157)	(157)	(157)
<u>Economic Development</u>						
Restructures & Service Reviews ongoing	(1)	(180)	(190)	(190)	(190)	(190)
<u>TOTAL</u>	(11)	(938)	(1,112)	(1,112)	(1,112)	(1,112)

APPENDIX A (cont)

Summary of Savings made to 22 November 2010 and in progress

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<u>Management Restucture</u>	(826)	(806)	(795)	(795)	(795)	(795)
<u>Resources</u>						
Restructures & Service Reviews complete	(154)	(211)	(211)	(211)	(211)	(211)
Restructures & Service Reviews ongoing	(10)	(215)	(221)	(221)	(221)	(221)
<u>Governance</u>						
Restructures & Service Reviews complete	(81)	(77)	(75)	(75)	(75)	(75)
Restructures & Service Reviews ongoing	0	0	0	0	0	0
<u>Chief Executives</u>						
Restructures & Service Reviews complete	(93)	(65)	(65)	(65)	(65)	(65)
Restructures & Service Reviews ongoing	0	(75)	(75)	(75)	(75)	(75)
<u>Local Environment</u>						
Restructures & Service Reviews complete	(422)	(542)	(532)	(507)	(557)	(557)
Restructures & Service Reviews ongoing	0	(319)	(469)	(469)	(469)	(469)
<u>Community Engagement</u>						
Restructures & Service Reviews complete	(11)	(75)	(75)	(75)	(75)	(75)
Restructures & Service Reviews ongoing	0	(149)	(157)	(157)	(157)	(157)
<u>Economic Development</u>						
Restructures & Service Reviews complete	0	0	0	0	0	0
Restructures & Service Reviews ongoing	(1)	(180)	(190)	(190)	(190)	(190)
TOTAL	(1,598)	(2,714)	(2,865)	(2,840)	(2,890)	(2,890)
Target Savings already in Budget	(1,000)	(2,000)	(3,000)	(3,000)	(3,000)	(3,000)
<u>(Over)/Under achieved savings</u>	(598)	(714)	135	160	110	110