



REPORT TO EXECUTIVE

PORTFOLIO AREA: POLICY, PERFORMANCE MANAGEMENT, FINANCE AND RESOURCES

Date of Meeting: 15 November 2004

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: BUDGET 2005/06 – SUMMARY OF SAVINGS AND
ADDITIONAL INCOME PROPOSALS

Report of: Head of Finance

Report reference: FS33/04

Summary:

The report summarises proposals for savings and additional income generation to be considered as part of the 2005/06 budget process.

Recommendations:

The Executive is asked:

- (1) To give initial consideration and views on the proposed permanent amendments to the base budget from 2005/06 onwards, for forwarding to the relevant Overview and Scrutiny Committees as part of the budget consultation process.
- (2) To note that the revised budgets for 2004/05 will be amended in the light of the proposed reductions identified of £115,000.

Contact Officer: Angela Brown

Ext: 7299

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
15 November 2004

FS33/04

BUDGET 2005/06 – SUMMARY OF SAVINGS AND ADDITIONAL INCOME PROPOSALS

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 As part of the budget process for 2005/06, the Executive is asked to consider savings and additional income generation proposals. Details of the proposals are contained either in the pro-forma appendices attached to the report or in the Charges Review reports considered elsewhere on the agenda.
- 1.2 The Medium Term Financial Plan approved by Council in August 2004 sets out the approach to be taken to annual efficiency or savings targets and for 2005/06 has agreed that the following areas be targeted:
- A review of the capacity to introduce charges and trading opportunities as enabled by the Local Government Act 2003, in order to continue to raise the proportion of income contributed by users of service compared to Council taxpayers (see paragraph 2).
 - A performance review of Services to focus on outputs and outcomes achieved and to seek improved efficiency and scope for redirection of resources to priority areas (see paragraph 3).
 - Investigation into the scope to achieve greater efficiencies and cost savings from the progression of corporate procurement initiatives (see paragraph 3).
- 1.3 At this stage, the Executive (and Overview and Scrutiny) is asked to give initial consideration and views on the proposed permanent reductions or increased income generation to the base budget from 2005/06 onwards. The requests need to be considered in the light of the projected budget shortfall contained in report FS31/04 elsewhere on the agenda, and the requests for new spending considered in report FS30/04 also on the agenda.

2. TRADING AND CHARGING – SUMMARY OF CHARGES REPORTS

- 2.1 A report on the Trading and Charging opportunities available to the authority following the new freedoms introduced by the Local Government Act 2003, was undertaken by Internal Audit and considered by the Corporate Resources Overview and Scrutiny Committee on 22nd July 2004. A list of all of the areas suggested for review by the report is summarised in **Appendix A**.
- 2.2 Heads of Service have prepared the Charges review reports, which are considered elsewhere on the agenda, in the light of the findings contained within that report as far as has been possible in the time available, and also in accordance with the principles set out in the Corporate Charging Policy.
- 2.3 A summary of the anticipated income, over and above the 3.5% minimum target which has been assumed currently for inclusion in the base estimates is set out in **Appendix B**. This shows that depending on the option chosen, the maximum income projection over and above the 3.5% Corporate Charging Policy is £236,520, but it should be noted that this could reduce considerably depending on the combination of options finally approved. Full details of options are contained in the individual charges reports elsewhere on the agenda.
- 2.4 The revised estimates for 2004/05 show a net reduction in the charges from the following sources, and this has been built into the revised base estimates:

		<u>£000</u>
Development Control	Increased income projection	(100)
Car Park	Reduced income projection	70
Land Charges	Reduced Income projection	75
Bereavement Services	Reduced income projection	<u>70</u>
	Net reduction	<u>115</u>

- 2.5 The base estimates, considered elsewhere on this agenda, assume that all services have achieved the target 3.5% minimum increase.

3. PERFORMANCE REVIEW OF SERVICES

- 3.1 The review, undertaken by Executive Directors, the Head of Finance and each Business Unit Head, challenged, prioritised and reviewed current base budgets. The results of the review are summarised in the tables below and have been split between increased income and reductions in expenditure.

- 3.2 It should be noted that this exercise is a continuation of similar exercises repeated in previous years and to a certain extent the level of efficiency savings within Business Units that can be readily achieved have already been taken out of base budgets. Further efficiency and procurement savings are required as part of the Gershon Review, but this will involve a much greater involvement and level of savings. It is possible that additional investment would be required to achieve savings on the level assumed by Gershon (new IT investment etc).
- 3.3 The review can be summarised in the Table below, and includes both additional income and reduced expenditure proposals.

Detail	App / Note	2005/06 £000	2006/07 £000	2007/08 £000
Increased Salary Turnover Savings (3%)	S1	200	200	200
Best Value Budget	S2	5	5	5
Communication/Publications	S3	7	7	7
Shopwatch/Pubwatch	S4	20	20	20
Building Control Reserve	S5	13	13	13
GIS Staffing	S6	0	55	55
Electoral Registration	S7	71	0	0
Rent Reviews	Note1	70	70	70
Rheged	Note2	0	5	5
IT Purchasing Review	Note3	20	20	20
Audit Fees	Note4	11	11	11
Total Savings / Income		417	406	406

Notes:

1. Rent reviews – It is anticipated that in the current market conditions, rent reviews in 2005/06 will bring in above a 3.5% increase.
2. The Rheged contribution was time limited of a £25,000 contribution over 5 years, and will drop out in 2006/07.
3. The IT Purchasing review – This proposal is to offer up savings of £20,000 through smarter procurement of IT equipment. IT equipment is currently ordered on an "as required basis". The proposal is to order equipment through bulk purchasing and through smarter procurement.

4. Audit Fees – The 2004/05 Audit and Inspection Plan details the programme of work and sets out the level of fees to be charged for the year which provides a net saving of £11,000 per annum.

4. CONSULTATION

Corporate Resources, Community and Infrastructure Overview and Scrutiny Committees will consider the amendments to the base budgets at their meetings in November, 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 and views on the proposed permanent amendments to the base budget from 2005/06 onwards for forwarding to the relevant Overview and Scrutiny Committees as part of the budget consultation process, and
- (ii) To note that the revised budgets for 2004/05 will be amended in the light of the proposed reductions identified of £115,000.

6. IMPLICATIONS

- Staffing/Resources – none
- Financial – contained within the report
- Legal – none
- Corporate – CMT and SFPG have considered the reports
- Risk Management – There is a continuing risk to the Councils budget from reliance on income and grants (e.g. planning delivery grant).
- Equality Issues – none
- Environmental – none
- Crime and Disorder –none

ANGELA BROWN
Head of Finance

Contact Officer: Angela Brown

Ext: 7299

1. INTERNAL AUDIT - INTERIM REVIEW OF CHARGES

Using the information gathered from the initial review, it is envisaged that further more detailed discussions be undertaken to explore the possibility of new and/or increased charges for particular services. Those services covered by the initial review are shown below for information.

1.1 Legal and Democratic Services

- Electoral Register
- Civic Suite Hires
- Land Charges
- Legal Fees

1.2 Member Support and Employee Services

- Personnel Services
- Health and Safety Management
- Overview and Scrutiny Management
- Member Support
- Corporate and Member Training
- Payroll and Associated Services

1.3 Customer and Information Services

- IT Support Offered Externally
- Print Room

1.4 Financial Services

- Service Delivery to Outside Bodies

1.5 Revenues and Benefits Services

- Sundry Debtors

1.6 Strategic and Performance Services

- Communications
- Policy Development
- Managing Performance
- Procurement, Project and Risk Management
- Market Research
- Conference Organising

1.7 Environmental Protection

- Pest Control
- Food Inspection/Analysis
- Signing Export Certificates
- Housing and Energy Conservation
- Environmental Education
- Recycling (reviewed under CTS)
- Licensing
- Hostels
- Refuse Collection (reviewed under CTS)
- Renovation Grants
- Bereavement Services

1.8 Commercial and Technical Services

- Grounds Maintenance
- Sale of Plants
- Tree Surgery
- Sponsors of Flower Beds
- Landscaping
- General Grounds Maintenance Work
- Street Cleaning
- Refuse Collections
- Special Collections
- Trade Waste
- Highways and Lighting
- Car Parking
- CCTV
- Drainage
- Building Maintenance
- Cleaning
- Garage
- Management of City Centre
- Street Name Plates Sponsorships
- Car Park Sponsorship
- Litter Bin Sponsorship
- Garden Waste Recycling

1.9 Property Services

- Commercial Rents
- Other Income (e.g. variations of leases)
- Masts

1.10 Planning Services

- Shopmobility Scheme
- Pre-Planning Advice
- Local Plans
- Selling Services to Neighbouring Authorities

1.11 Economic and Community Development

- Ticket Sales
- Assembly Room
- City Centre Management
- Advertising
- Community Centres
- Talks/Training
- Events
- Play and Young People
- New Deal
- Business Directory
- Brampton Business Centre
- IT Provision
- Office Servicing Fees
- Conference Facilities
- Enterprise Centre

1.12 Culture, Leisure and Sport Services

- East Cumbria Countryside Project (ECCP)
- Park Patrol and Playground Maintenance
- Rents from External Events
- Fishing Rights
- Talkin Tarn
- Sports Courses
- Sports Pitches
- Tullie House
- Loans
- Tullie Card

BUDGET 2005/06 – SAVING PROPOSAL

Title: Increased Salary Turnover savings
Proposed By: Angela Brown (Head of Finance)
<p>Full Details of Proposal:</p> <p>There is an income budget of £246,900 built into the base estimates in expectation of natural staff turnover. This relates to:</p> <ul style="list-style-type: none"> • New staff being appointed on a lower spinal column point than the out-going post holder, and • Time delays between appointments <p>The original budget provision was based upon 2% of the gross salary and based upon previous years trends, indications are that additional savings would be achievable and it is recommended that the corporate salary turnover savings be increased by £200,000 to approximately 3% of the total salary cost of the authority.</p>
<p>Budget Implications: (Please include full details of the saving proposal and a projection of anticipated savings between financial years):</p> <p>Additional £200,000 per annum (recurring saving)</p>
<p>Will or has the proposal been the subject of a separate report to Members (including Overview and Scrutiny)? (If yes, please indicate report reference and dates):</p> <p>No</p>
<p>Identified Corporate or Business Plan Priority (please give specific details and References):</p> <p>Provide Sound Financial Management</p>

Specific Impact on Corporate Priorities and Service Standards:

There is a potential impact on service delivery standards from natural turnover savings i.e. the higher the turnover, the more difficult it is to perform to set standards. The Council has a recruitment and retention policy to try to minimise staff turnover.

Approval Process (please insert date of consideration and any relevant comments):

Portfolio Holder:

CMT:

EMG:

SFPG:

The saving has been considered by all of the above at various stages in the process.

Assessed Priority – High/Medium/Low:

Relevant Overview and Scrutiny Committee: Corporate Resources

BUDGET 2005/06 – SAVING PROPOSAL

Title: Best Value Budget Reduction
Proposed By: (Head of Service) Head of Strategic & Performance Services
Full Details of Proposal: <p>The Best Value budget has been a useful pool of funding to improve council services. This was done either through using the funding to conduct a BV review, for improvement activity afterwards or for one-off improvement projects.</p> <p>The budget, originally £100,000, has been steadily reduced over a number of years to its current level of £13,000</p> <p>It is considered that the budget can be reduced further to its minimum sustainable level of £8,000 (sufficient to meet our annual statutory obligation to produce a Performance Plan).</p>
Budget Implications: (Please include full details of the saving proposal and a projection of anticipated savings between financial years): <p>There would be a recurring annual saving of £5,000</p>
Will or has the proposal been the subject of a separate report to Members (including Overview and Scrutiny)? (If yes, please indicate report reference and dates): <p>No</p>
Identified Corporate or Business Plan Priority (please give specific details and References): <p>Spend on BV projects is relevant to the efficiency / improvement sections of "Provide Sound Council Management"</p>

Specific Impact on Corporate Priorities and Service Standards:

There will be less funding available for one-off corporate improvement projects or specialist support. The burden on those undertaking BV reviews will be heavier.

Approval Process (please insert date of consideration and any relevant comments):

Portfolio Holder: Approved

CMT :

EMG:

SFPG:

Assessed Priority – High/Medium/Low:

Relevant Overview and Scrutiny Committee: Corporate Resources

Reference Appendix S3
(For Financial Services Use)

BUDGET 2005/06 – SAVING PROPOSAL

Title: Communications/Publications
Proposed By: (Head of Service) Head of Strategic & Performance Services
Full Details of Proposal: Avings could be made on the reduction of hard copies of publications which could then be published on the Council Web site instead e.g. Carlisle A to Z
Budget Implications: (Please include full details of the saving proposal and a projection of anticipated savings between financial years): A recurring saving of approximately £8,000 per annum
Will or has the proposal been the subject of a separate report to Members (including Overview and Scrutiny)? (If yes, please indicate report reference and dates): NO
Identified Corporate or Business Plan Priority (please give specific details and references): CM 1.1 Increase customer satisfaction with council services. SA 3.1 Increase % population satisfied with their area as a place to live.
Specific Impact on Corporate Priorities and Service Standards:

Approval Process (please insert date of consideration and any relevant comments):

Portfolio Holder: To follow

CMT :

EMG:

SFPG:

Assessed Priority – High/Medium/Low:

Relevant Overview and Scrutiny Committee:

Corporate Resources

BUDGET 2005/06 – ADDITIONAL INCOME PROPOSAL

Title: Pubwatch/Shopwatch
Proposed By: Head of Commercial & Technical Services
<p>Full Details of Proposal:</p> <p>(NB. If the additional Income is as a result of a fundamental Review of Charges in accordance with the Corporate Charging Policy then it is anticipated that a full report will need to be prepared for Members consideration)</p> <p>The CCTV Control Room monitors a total of 67 cameras and last year a total of 2012 incidents were dealt with by the CCTV staff. Of these 844 incidents were reported through the Pubwatch and Shopwatch Schemes.</p> <p>It is proposed to continue discussions with Cumbria Police and the organisers of the scheme with the aim of a contribution being made towards the cost of operating the CCTV Control Room. It is suggested a minimum contribution of £20,000 would be requested. This funding would then enable extra staff to be provided in the CCTV Control Room as existing staff have difficulty providing effective cover.</p>
<p>Budget Implications:</p> <p>(Please include full details of the additional income proposal and a projection of anticipated income between financial years):</p> <p>Request for £20,000 minimum contribution to be requested. Previous requests for funding have been unsuccessful.</p>
<p>Will or has the proposal been the subject of a separate report to Members (including Overview and Scrutiny)?</p>

(If yes, please indicate report reference and dates):

Mentioned in report to Executive on 7th July 2003 on the CCTV Annual Report

Identified Corporate or Business Plan Priority (please give specific details and references):

SA1 – Reduce Crime and Fear of Crime

SA3 – Improve perception of Carlisle as place to live

CM5 – Achieve excellence in Services

Specific Impact on Corporate Priorities and Service Standards:

If this additional income was provided the level of staffing in the CCTV Control Room could be increased. This is likely to result in much more effective monitoring.

Approval Process (please insert date of consideration and any relevant comments):

Portfolio Holder:

CMT :

EMG:

SFPG: **25/10/4**

Assessed Priority – High/Medium/Low: High

Relevant Overview and Scrutiny Committee: Infrastructure

BUDGET 2005/06 – SAVING PROPOSAL

Title: <i>Business Unit Recharges</i>	
Proposed By: Alan Eales	(Head of Planning Service)
Full Details of Proposal: <p>Building Control has increased staffing levels to meet the increasing workload following the increase in the number of applications that are being submitted for Building Regulation approval.</p> <p><i>This has necessitated a review of internal recharges with an increase falling on Building Control and a decrease on other Teams within the Business Unit.</i></p> <p><i>This results in a saving of £13,000 and is a recurring saving.</i></p>	
Budget Implications: (Please include full details of the saving proposal and a projection of anticipated savings between financial years): <p><i>The recharges to the ring fenced Building Control Budgets are increased by £13,000. Thus providing savings of £13,000 from Planning Budgets.</i></p>	
Will or has the proposal been the subject of a separate report to Members (including Overview and Scrutiny)? (If yes, please indicate report reference and dates): <p>No</p>	
Identified Corporate or Business Plan Priority (please give specific details and references): <p>Promise 5 Provide sound Council Management</p>	

<p>Specific Impact on Corporate Priorities and Service Standards:</p> <p>None</p>
<p>Approval Process (please insert date of consideration and any relevant comments):</p> <p>Portfolio Holder:</p> <p>CMT:</p> <p>EMG:</p> <p>SFPG:</p>
<p>Assessed Priority – High/Medium/Low:</p>
<p>Relevant Overview and Scrutiny Committee: <i>Infrastructure</i></p>

Reference Appendix S6
(For Financial Services Use)

BUDGET 2005/06 – SAVING PROPOSAL

Title: GIS Staffing
<div style="display: flex; justify-content: space-between;"> Proposed By: Alan Eales (Head of Planning Service) </div>
<p>Full Details of Proposal:</p> <p><i>The GIS Manager & Officer are funded from the Planning Delivery Grant (PDG) Budget. Last year 2004/05 the Council approved a budget for 2005/06 that included both these posts within the base budget.</i></p> <p><i>As the PDG award is expected again in 2005/06 it is suggested that these two posts are again funded from the PDG. There is a potential danger that insufficient PDG is awarded but this is not expected to happen.</i></p> <p><i>This is not a recurring saving.</i></p>
<p>Budget Implications: (Please include full details of the saving proposal and a projection of anticipated savings between financial years):</p> <p>This saving will allow the base budget to be used for other priorities in 2005/06</p>
<p>Will or has the proposal been the subject of a separate report to Members (including Overview and Scrutiny)? (If yes, please indicate report reference and dates):</p> <p>No</p>
<p>Identified Corporate or Business Plan Priority (please give specific details and references):</p> <p>Money can be used to meet new priorities in 2005/06</p>

Specific Impact on Corporate Priorities and Service Standards: <i>Money can be used to meet new priorities in 2005/06</i>
Approval Process (please insert date of consideration and any relevant comments): Portfolio Holder: CMT: EMG: SFPG:
Assessed Priority – High/Medium/Low:
Relevant Overview and Scrutiny Committee: <i>Infrastructure</i>

BUDGET 2005/06 – SAVING PROPOSAL

Title: CITY COUNCIL ELECTIONS 2005/06
Proposed By: HEAD OF LEGAL AND DEMOCRATIC SERVICES
<p>Full Details of Proposal:</p> <p>The City Council is responsible for funding local elections, except in the year that County elections are held. There are no City elections in 2005/06 and so there should be a saving of approximately £71,000, which represents the usual budget of £74,000 less £3,000 costs for CTS for storing equipment.</p>
<p>Budget Implications: (Please include full details of the saving proposal and a projection of anticipated savings between financial years):</p> <p>A one off saving of £71,000 for 2005/6. It should be noted that, in the event of a bye-election being called for any reason, this would necessitate a supplementary estimate.</p>
<p>Will or has the proposal been the subject of a separate report to Members (including Overview and Scrutiny)? (If yes, please indicate report reference and dates):</p> <p>No</p>
<p>Identified Corporate or Business Plan Priority (please give specific details and References):</p> <p>CM5 Achieve Excellence in Council Services SA4 Increase in Community Engagement</p>
<p>Specific Impact on Corporate Priorities and Service Standards:</p> <p>None</p>

Approval Process (please insert date of consideration and any relevant comments):	
Portfolio Holder:	The Portfolio Holder has been informed
CMT:	
EMG:	
SFPG:	
Assessed Priority – High/Medium/Low:	
Relevant Overview and Scrutiny Committee: Corporate Resources	

2005/06 INCOME

	Note	2004/05 Original Estimate £	2004/05 Revised Estimate £	2004/05 Variance	2005/06 Original Estimate £	2005/06 CCP Target £	2005/06 CCP Review £	Excess Income Estimate	2005/06 Increase
Legal & Democratic Services									
Land Charges/Search Fees		419,910	344,910	-75,000	367,480	12,070	22,570	10,500	6.5
Electoral Register		1,110	1,110	0	1,110	40	0	-40	0.0
Civic Centre Room Lettings/Council Minutes		2,400	2,400	0	2,480	80	80	0	3.3
		423,420	348,420	-75,000	371,070	12,190	22,650	10,460	6.5
Commercial & Technical Services									
Car Parks (City only) Option A		1,581,260	1,511,260	-70,000	1,564,150	52,890	52,890	0	3.5
Best Case Scenario Option B		1,581,260	1,511,260	-70,000	1,687,760	52,890	176,500	123,610	11.7
Worst Case Scenario Option C		1,581,260	1,511,260	-70,000	1,208,260	52,890	-303,000	-355,890	-20.0
Planning Services									
Planning (radar keys etc)		3,610	3,610	0	3,740	130	130	0	3.6
Building Control/Building Notice fees/Plan deposit fees	1	417,890	417,890	0	460,000	14,630	42,110	27,480	10.1
Development Control	1	452,410	552,410	100,000	571,740	19,330	19,330	0	3.5
Development Control - Determinations		1,290	1,290	0	1,340	50	50	0	3.9
Development Control - Press list		1,180	1,180	0	1,180	40	0	-40	0.0
Local Plans		1,120	1,120	0	2,000	40	880	840	78.6
		877,500	977,500	100,000	1,040,000	34,220	62,500	28,280	6.4
Environmental Protection Services									
Licensing		125,110	125,110	0	129,980	4,380	4,870	490	3.9
Environmental Protection Act	1	24,720	24,720	0	25,340	870	620	-250	2.5
Hostels		486,670	486,670	0	496,610	17,030	9,940	-7,090	2.0
Cemeteries & Crematorium		919,570	849,570	-70,000	958,890	29,730	109,320	79,590	12.9
Public Health Charges		5,120	5,120	0	10,300	180	5,180	5,000	101.2
Pest Control		54,130	54,130	0	56,020	1,890	1,890	0	3.5
		1,615,320	1,545,320	-70,000	1,677,140	54,080	131,820	77,740	8.5

2005/06 INCOME

	Note	2004/05 Original Estimate £	2004/05 Revised Estimate £	2004/05 Variance	2005/06 Original Estimate £	2005/06 CCP Target £	2005/06 CCP Review £	Excess Income Estimate	2005/06 Increase %
Culture Leisure & Sport									
Tullie House		102,300	102,300	0	102,300	3,580	0	-3,580	0.0
One-off reduction agreed during last budget cycle		-40,000	-40,000	0	0	0	0	0	
Allotments		13,200	13,200	0	13,660	460	460	0	3.5
Sports Pitches		11,880	11,880	0	12,300	420	420	0	3.5
		87,380	87,380	0	128,260	4,460	880	-3,580	46.8
Economic & Community Development									
Assembly Hall Hire		10,060	10,060	0	10,410	350	350	0	3.5
Brampton Business Centre		38,670	38,670	0	40,030	1,350	1,360	10	3.5
Enterprise Centre		20,860	20,860	0	21,590	730	730	0	3.5
		69,590	69,590	0	72,030	2,430	2,440	10	3.5
TOTAL INCOME WITH OPTION A		4,654,470	4,539,470	-115,000	4,852,650	160,270	273,180	112,910	6.9
TOTAL INCOME WITH OPTION B					4,976,260	160,270	396,790	236,520	
TOTAL INCOME WITH OPTION C					4,496,760	160,270	-82,710	-242,980	

Note 1

There are three specific areas which are not directly controlled by the City Council. Fees for Building Control and Development Control are set nationally and therefore cannot be increased by 3.5%; the potential increase in income is due to an anticipated increase in the volume of applications. The operational side of the Building Control Service is required to break even over a three-year period. Charges for Environmental Protection Act authorisations are also set nationally and details of proposed charges for 2005/06 are not yet available.