



REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE & RESOURCES

Date of Meeting: 22 November 2011

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: BUDGET 2012/13 to 2016/17
SUMMARY OF SAVINGS DELIVERED AND NEW PROPOSALS

Report of: ASSISTANT DIRECTOR (RESOURCES)

Report reference: RD65/11

Summary:

The report summarises proposals for savings and additional income generation to be considered as part of the 2012/13 budget process.

Recommendations:

The Executive is asked:

- (1) To give initial consideration to the proposed reductions to the base budget from 2012/13 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
22 November 2011

RD65/11

BUDGET 2012/13 TO 2016/17 – SUMMARY OF SAVINGS PROPOSALS

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 As part of the budget process for 2012/13, 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 13 September 2011, 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 2012/13 onwards. The requests need to be considered in the light of the projected budget shortfall contained in report RD63/11 elsewhere on the agenda and also the spending pressures (RD64/11).

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	2012//13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
<u>Savings Proposed</u>						
- Additional Transformation Savings	2.3	0	(200)	(200)	(200)	(200)
- Recruitment Advertising	2.4	(50)	(50)	(50)	(50)	(50)
- Non-Staffing Reductions	2.4	(100)	(100)	(100)	(100)	(100)
- Carry Forward not required	2.4	(80)	0	0	0	0
Total of Savings		(230)	(350)	(350)	(350)	(350)
Total Recurring		(150)	(350)	(350)	(350)	(350)
Total Non-Recurring		(80)	0	0	0	0

- 2.3 In order to achieve a balanced budget for 2012/13 to 2016/17, additional transformation savings will have to be identified in order to address the identified budget pressures as detailed in RD64/11 elsewhere on the agenda. At present the level of these additional savings is anticipated to be £200,000 recurring savings but this will depend upon which budget pressures and additional income proposals are supported by Members.
- 2.4 Recruitment advertising and Non-Staffing reductions have been identified as additional recurring savings from the 2011/12 budget monitoring process. Carry forwards of £80,000 have also been identified as not being required and so can be taken as a saving in 2012/13.
- ## 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 RD64/11 elsewhere on this agenda.

There is additional income anticipated from other sources.

Table 2 – Additional Income Projections

Detail	Note	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
- Additional external grant	3.2	(250)	(250)	(250)	(250)	(250)
- HB Admin grant	3.3	(55)	0	0	0	0
- Treasury Management - Investment	3.4	0	(663)	118	(28)	(1)
- Asset Review - Additional Income	3.5	0	(175)	(350)	(350)	(350)
- Asset Review	3.6	0	0	0	0	(240)
Total additional income		(305)	(1,088)	(482)	(628)	(841)
Split						
Recurring		(250)	(1,088)	(482)	(628)	(841)
Non Recurring		(55)	0	0	0	0

- 3.2 Additional external grant has been allocated to the Council, and it is suggested that this be used to fund base budgets.
- 3.3 Housing Benefit Administration grant was reduced as part of the 2011/12 budget process by £120,000. However, allocations for 2012/13 have now been received and the reduction is lower than expected so a saving is achievable.
- 3.4 It may be possible to invest some of the capital receipts generated from the asset review and generate additional investment income whilst also making a saving in the Minimum Revenue Provision. This will be offset against the loss of new rental income from reinvesting in new property, but a non-recurring saving will be achievable in 2013/14.
- 3.5 The projections included in the 2011/12 asset review were based on total asset sales and reinvestments of £25m. Projections now indicate that a further £5m may be achievable in sales that can then be reinvested. This would allow an additional £350,000 per annum to be generated as additional income.

- 3.6 The original savings from the asset review set in the budget in 2011/12 included savings up to 2015/16. The full year effect of the asset review savings in 2016/17 therefore need to be included and an additional £240,000 is anticipated.

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	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
New Savings Proposals (Table 1)	(230)	(350)	(350)	(350)	(350)
Additional Income Projections (Table 2)	(305)	(1,088)	(482)	(628)	(841)
Total	(535)	(1,438)	(832)	(978)	(1,191)

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 2012/13 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 2012/13 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 2012/13 and future years. The report has no direct impact on the above.

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