



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE

Date of Meeting: 23 November 2009

Public

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

Title: BUDGET 2010/11 to 2014/15
SUMMARY OF SAVING PROPOSALS
Report of: DIRECTOR OF CORPORATE SERVICES
Report reference: CORP51/09

Summary:

The report summarises proposals for savings and additional income generation to be considered as part of the 2010/11-budget process.

Recommendations:

The Executive is asked:

- (1) To give initial consideration to the proposed reductions to the base budget from 2010/11 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 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
23 November 2009

CORP51/09

BUDGET 2010/11 TO 2014/15 – SUMMARY OF SAVINGS PROPOSALS

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 As part of the budget process for 2010/11, 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 3 February 2009 and endorsed in the Medium Term Financial Plan (MTFP), and approved by Council on the 15 September 2009, concentrated on the following areas to deliver the savings required to produce a balanced longer term budget:
- Service Improvement Reviews – the requirement to achieve effective service delivery whilst pursuing a target of 5% reduction in the gross revenue budget.
 - Asset Review – this will set out clear objectives one of which will be to deliver recurring additional income or recurring reduced costs. It will provide a timetable of deliverables and the impact on services and improvements.
 - Shared Services – the requirement to achieve cashable savings via shared services.
 - Transformation Agenda – to review Council Priorities and look at the management and service structure to achieve recurring savings of £1million from 2010/11.
 - To carry out a review of those services which do not fall within the Council's core priorities.
- 1.3 A full programme of efficiency reviews has been drawn up and is monitored regularly by Members and Officers to ensure savings targets set out are met.
- 1.4 At this stage, the Executive (and Overview and Scrutiny) is asked to give initial consideration to the new proposals for permanent reductions in base expenditure budgets and also increases to income budgets from 2010/11 onwards. The requests need to be considered in the light of the projected budget shortfall contained in report CORP49/09 elsewhere on the agenda and also the spending pressures (CORP50/09).

1.5 Early work on budget monitoring suggests that the over spends projected for 2009/10 will be able to 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. They have been split between reductions in expenditure and increases in income.

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

Table 1 Summary of savings proposed

Detail	Note App	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Savings Proposed						
Efficiency Savings:						
Transformation Savings	2.4					
Inflation (expenditure)	2.5	(503,000)	(503,000)	(503,000)	(503,000)	(503,000)
Pay Award	2.6	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)
Revenues & Benefits						
Shared Service	2.7	(42,000)	(93,000)	(93,000)	(93,000)	(93,000)
Total of Savings		(825,000)	(876,000)	(876,000)	(876,000)	(876,000)

2.3 The Service and Efficiency Reviews are at various stages of completion. Progress is monitored regularly via Resources Overview and Scrutiny and the internal officer/member Efficiencies Working Group.

2.4 Transformation savings of £1million have been included in the recurring base budget from 2010/11. However, further savings of approximately £1m will be needed from 2011/12 in order to deliver a balanced budget. Proposals to achieve these further savings will be subject to separate reports to the Executive during 2010/11.

2.5 Inflation is currently included in the MTFP at 2.8% and due to current inflation levels being very low, consideration may wish to be given to removing inflation and cash limiting expenditure budgets. The figures in the table above represent removing inflation completely for all expenditure budgets. Inflation is currently at 1.1% for

Consumer Price Index (CPI) and -1.4% for the Retail price Index (RPI). The current MTFP assumes inflation on expenditure of 2.8% and the table above removes this provision completely. Inflation on income is currently in the MTFP at 3.8%, although members may wish to reduce this to 2.1% (CPI +1%) and the effect of this is considered in the Charges Reports considered elsewhere on the agenda.

2.6 The Pay Award is currently included in the MTFP at 2.5%. However, the 2009/10 award was agreed at 1% and this has been assumed for 2010/11 to 2014/15. The savings shown above represents the difference between the revised levels and 2.5%.

2.7 The Revenues and Benefits Shared Service with Copeland and Allerdale is expected to achieve the savings highlighted above, however, there are additional one off costs of redundancy and protection and these are included in report CORP50/09.

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 App	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Land Charges	3.2	(20,000)	0	0	0	0
Concessionary Fares grant	3.3	(20,000)	0	0	0	0
Total additional income		(40,000)	0	0	0	0
Split						
Recurring		0	0	0	0	0
Non Recurring		(40,000)	0	0	0	0

3.2 Land Charges income was reduced for 2010/11 by £241,000 in 2009/10 due to a decrease in the number of searches. A review of income for 2010/11 has identified that the reduction required from the recurring base is less than was anticipated in 2009/10 by £20,000. However, there is still a shortfall on the recurring base income for land charges.

3.3 Draft consultation on the allocation of Concessionary Fares grant has shown that the Council will received an additional £20,000 in 2010/11.

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	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £
New Savings Proposals (Table 1)	(825,000)	(876,000)	(876,000)	(876,000)	(876,000)
Additional Income Projections (Table 2)	(40,000)	0	0	0	0
Total	(865,000)	(876,000)	(876,000)	(876,000)	(876,000)

5. **CONSULTATION**

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.

6. **RECOMMENDATIONS**

The Executive is asked:

- (i) To give initial consideration to the proposed reductions to the base budget from 2010/11 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.

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

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