

CABINET

2010/11 Revenue Budget Update 1 September 2009

Joint Report of Corporate Director (Finance & Performance) & Head of Financial Services

PURPOSE OF REPORT			
To note progress so far in identifying options for savings and efficiencies and to approve areas of service activity that should be pursued further. It also seeks Cabinet's views on their preferred option for the agreed consultation exercise.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officers			<input checked="" type="checkbox"/>
Date Included in Forward Plan	N/A		
This report is public			

RECOMMENDATIONS OF CLLRS STUART LANGHORN & MALCOLM THOMAS:

- 1 That Cabinet approves the Savings and Efficiency Programme attached at Appendix A and authorises officers to continue to progress options for developing shared services with other Councils.
- 2 That Cabinet consider the outcome to date of the review into the outturn variances for 2008/9, included as part of Appendix B.
- 3 That Cabinet notes the progress made by individual cabinet members to identify savings and efficiency options from within their portfolios included as part of Appendix B and determine those that should be developed further.
- 4 That Cabinet considers the current draft budget spend analysis attached as Appendix C that allocates expenditure and income across Corporate Plan priorities and makes any appropriate recommendations
- 5 That Cabinet considers the options set out in Appendix D for undertaking a public engagement exercise in respect of its budget proposals to deliver the council's corporate priorities.

REPORT

1 **Introduction**

At its last meeting, Cabinet agreed the process and timetable for developing its budget proposals. The meeting also agreed, minute 33 refers:-

“(3) That Cabinet notes the progress reports from individual cabinet members as presented and continue to determine service activities and other initiatives that should be developed to bring forward to Cabinet savings and efficiencies options

(4) That Cabinet notes that officers will be undertaking an exercise to analyse the current year’s budget against service activity and corporate priorities over the summer for each Cabinet member to further assist them in bringing forward options for savings/efficiencies”

(5) That a public engagement exercise be undertaken in respect of the council’s budget proposals to deliver its corporate priorities, and that officers be instructed to work on a format for the consultation”

This report provides an update on progressing these issues.

2 **Savings & Efficiency Programme**

Now that Cabinet have agreed the timetable and process for identifying options for savings and efficiencies, it is important to capture the assumptions and principles that have been agreed to drive the budget exercise.

As a consequence, officers have drafted a Savings and Efficiency Programme, attached at **Appendix A** for Cabinet to consider. The strategy outlines how the savings and efficiencies will be achieved over a phased period to meet the targets included in the Medium Term Financial Strategy (MTFS). In particular, it outlines the principles for developing shared services with other local authorities, where there are demonstrable benefits to be gained.

Cabinet are asked to approve the strategy in order that it can be the focal reference document to assist Cabinet members bringing forward savings/efficiencies options.

3 **Review of 2008/9 Outturn Variances**

At its last meeting, Cabinet received a summary analysing the 2008/9 outturn variances and prior to this, individual Cabinet members, together with Service Heads, had been requested to review each variance to assess any on-going impact on future years’ budgets.

This exercise still has to be completed and so at the time of completing this report, there was very little confirmed information available, as shown at **Appendix B**. Work is underway, however, and it may be possible to provide an updated position at the meeting. Furthermore, for the October meeting the formal review of the MTFS is scheduled for completion and a full update will be provided then.

4 **Savings & Efficiency Options**

Since the last Cabinet meeting, work has also continued in considering the savings and efficiencies options included in individual cabinet member budget checklists, or arising through PRTs. Options identified so far have been collated from the checklists seen, and these have been included in **Appendix B**. Again, this is very provisional and by the time of the meeting, there may well be further updates available.

Cabinet is requested to consider the information and determine those that should be developed further.

5 Corporate Plan Priorities Spend Analysis

Attached as **Appendix C** is the latest analysis of the current year's expenditure and income analysed over Corporate Plan priorities and Cabinet member portfolios. Previously a high level summary was circulated to Cabinet prior to its last meeting. The Appendix now attached provides further analysis allocated over individual priority objectives and also over other service activity not currently aligned to corporate priorities. It is clear from the work undertaken so far, however, that more needs to be done to firm up this analysis – for some budgets, the main link to either a particular priority or a portfolio can be subject to interpretation or debate.

Cabinet are asked to consider the allocations of current net spend and make any appropriate recommendations.

6 Consultation Exercise

Cabinet at its last meeting agreed that the council would undertake a public engagement exercise as part of this year's budget process and requested officers to produce options for members' consideration.

This work has now been completed and **Appendix D** sets out a range of options for Cabinet to consider and their associated costs.

Cabinet are asked to consider the options in Appendix D and agree their preferred approach.

7 Summary

The position at **Appendix B** presents a short summary of potential savings and efficiencies identified so far for inclusion in Cabinet's list of options. It currently shows that there is still a significant shortfall in respect of balancing the 2010/11 budget projection and further work is required to balance the budget. In particular, attention is also drawn to the additional potential cost pressures arising also, from developments such as the Winter Gardens proposal. There may be other future year pressures arising, and a more complete review will be reported into October Cabinet.

8 Options Analysis

The following options are available to the Cabinet.

Savings and Efficiency Strategy

- i. approve the draft Savings and Efficiency Strategy included at Appendix A
- ii. approve an amended Savings and Efficiency Strategy
- iii. that no strategy is approved at this stage and officers be asked to undertake further work on developing the strategy

Preferred Option

The preferred option is either 1 or 2 above. This will ensure that the council has an agreed framework in place to guide members bringing forward savings and efficiencies options.

Review of 2008/9 Outturn Variances

- i note the progress made to date and agree the on-going savings implications identified in Appendix B are built into the 2009/10 base revenue budget, when confirmed.
- ii note the progress made to date but agree an alternative course of action for any on-going budget implications.

Preferred Option

The preferred option is option 1. This will ensure that any identified on-going budget implications are correctly reflected in the base budget for future years.

Savings and Efficiency Options

- i consider the options included in Appendix B and determine which should be further developed for inclusion in Cabinet's preferred list of savings and efficiency options.
- ii consider the options but don't offer a view as to those that should be pursued at this stage.

Preferred Option

The preferred option is option 1. This will ensure that those service activities that Cabinet are minded to include in their preferred list of savings and efficiency options can be further developed.

Corporate Plan Priorities Spend Analysis

- i consider the information included in Appendix C and agree actions to refine and improve this information, to support future decision-making.
- ii consider the information without offering a view at this stage.

Preferred Option

The preferred option is option 1. This will ensure that any anomalies in current spend allocations are considered and addressed in the budget process and the appropriate recommendations made.

Consultation Exercise

- i consider the information included in Appendix D and determine Cabinet's preference for undertaking a consultation exercise on the 2010/11 budget proposals
- ii consider the information but request further alternatives

Preferred Option

The preferred option is option 1. This will ensure that officers can prepare for the consultation exercise in good time.

RELATIONSHIP TO POLICY FRAMEWORK

The report provides an update of how Cabinet will meet the targets and timescales included in the Council's Budget and Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

The annual review of the budget and policy framework ensures that the Council's plans and strategies are kept up to date and compliant with the above criteria for assessing their impact on local communities. The inclusion of a public consultation exercise offers further opportunities for community engagement in determining the council's spending plans for 2010/11 and onwards

FINANCIAL IMPLICATIONS

In the main, these are referred to within the report.

The costs associated with undertaking the budget consultation options are set out in Appendix D. Corporate Strategy's current budget for consultation and community engagement includes a sum of £8,000 carried forward from 2008/9 in respect of savings made in undertaking the 2008 Place Survey. If Cabinet's preferred option is in excess of £8,000, additional sums will need to be identified from the current year's budget.

DEPUTY SECTION 151 OFFICER'S COMMENTS

The Deputy s151 Officer has been consulted and has no further comments to add.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to add.

MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None.

Contact Officer: Roger Muckle

Telephone: 01524 582022

E-mail: rmuckle@lancaster.gov.uk