

# **BUDGET AND PERFORMANCE PANEL**

## **2010/11 Revenue Budget Update 20 October 2009**

### **Report of Corporate Director (Finance & Performance)**

#### **PURPOSE OF REPORT**

To note progress so far in identifying options for savings and efficiencies for inclusion in the 2010/11 draft budget proposals. To note the programme for the budget consultation exercise and to give consideration to a request from the County Council for the City Council's preference for involvement in their (County's) consultation process. To agree the proposal to enter into a shared service with Preston City Council initially for a joint senior management arrangement for the Revenues and Benefits service, and to note the appointment of a project manager to prepare a business case for further opportunities.

This report is public

#### **OFFICER RECOMMENDATIONS:**

- 1 That Cabinet notes the progress made by individual cabinet members to identify savings and efficiency options from within their portfolios included as Appendix A and determine those that should be supported or developed further.
- 2 That Cabinet authorises officers to proceed with the establishment of a shared service on a phased basis for the Revenues and Benefits service with Preston City Council as outlined in the report, in particular approving the creation of a shared, senior management structure for the service on the basis outlined in Appendix B.
- 3 That Cabinet endorses the planned programme for the public engagement exercise attached as Appendix C in respect of its budget proposals to deliver the council's corporate priorities.
- 4 That Cabinet consider the request from the County Council attached as Appendix D as to their preference for involvement in the County Council's own budget consultation.

## REPORT

### 1 Introduction

Since the last Cabinet meeting, individual cabinet members have continued to meet with officers to develop savings and efficiency options in line with the programme agreed on 1<sup>st</sup> September 2009 (minute 44(1) refers). Work has continued to review the variances arising from the 2008/9 closure of accounts and also those highlighted as part of the first quarter's Performance Review Team exercise.

Options that have been considered since the last meeting have now been included in the schedule attached at **Appendix A** and Cabinet are asked to identify those that they wish to support at this stage for inclusion in the list of options, and those that they would wish to be developed further.

This agenda also includes a number of reports that have financial implications for future years and these have been included in **Appendix A** on the basis of the reports recommendations.

In addition, Cabinet met informally on Sept 22<sup>nd</sup> to review the latest information on how the revenue and capital budgets were allocated across the Council's current corporate priorities, support services, and non priorities. The meeting also received information about current spending allocations from the Lancaster District Local Strategic Partnership. Cabinet members are continuing to review both sets of information.

In addition, Cabinet attended a presentation from Ipsos/Mori on Sept 28<sup>th</sup> outlining the key messages from the recent Place Survey exercise. This information will be used by Cabinet in their review of the current policy framework documents, including the Corporate Plan priorities.

### 2 Shared Services Programme

Officers have continued to pursue options for developing shared services with a view to bringing to the November cabinet meeting a schedule of options that could be included into a 3 year programme (minute 46(1) refers).

Work has continued to research options for a shared service for the Revenues and Benefits Service with Preston City Council which could be implemented on a phased basis. As a first step, a Project Manager has been appointed in accordance with minute 46(2) financed from the monies allocated from Team Lancashire and he has begun the process of establishing a joint, cross service project group with officers from both councils.

As part of the first stage of developing the shared service, officers from both councils have concentrated on options for creating a shared, senior management structure. The details of this proposal are included in **Appendix B** and Cabinet are asked to approve the creation of a shared, senior management structure, as recommended in the Appendix, and authorise officers to implement, in partnership with Preston City Council, a joint consultation plan, which will ensure that staff affected by the proposals, and the recognised Trade Unions, receive appropriate information in relation to the shared service project in a structured and timely manner. The joint communication plan will involve more detailed consultation with those staff who are identified as "at risk" by the proposals set out in this report.

It is anticipated that this first phase could generate future, on-going savings of approximately £160,000pa in total, although each Council's share is as yet unknown.

### **3 Consultation Exercise**

Cabinet at its last meeting agreed the scope for a public engagement exercise as part of this year's budget process and requested officers to produce a programme of events.

This work has now been completed and **Appendix C** sets out the proposed programme of events. In particular, the exhibitions and consultation forums that will take place are scheduled for the week following Xmas and New Year to ensure maximum engagement.

Cabinet are asked to endorse the programme included at **Appendix C**.

The council has also received a request from the County Council for their preferred method on involvement in their budget consultation exercise. A note recently presented to the Lancashire Chief Finance Officers' meeting is attached at **Appendix D**. Cabinet are asked to consider the request and determine a preferred approach.

### **4 Options Analysis**

The following options are available to the Cabinet.

#### **4.1 Savings and Efficiency Options**

- i. Consider the savings and efficiency options included at Appendix A for inclusion in the Cabinet's draft list of recommendations, highlighting those that can be supported and those that may need further work.
- ii. Consider the savings and efficiency options included at **Appendix A** but offer no view at this stage on those for inclusion in the Cabinet's draft list of recommendations

#### **Preferred Option**

The preferred option is option 1. This will ensure that officers are clear which options are to be considered further and those that require further work. This will also provide an on-going position summary of the savings and efficiencies position.

#### **4.2 Shared Services**

- i. Approve the creation of a shared, senior management structure as outlined in **Appendix B**, and authorise officers to consult with vulnerable postholders and to liaise with Preston City Council to implement the arrangements as soon as practicable

- ii. To agree an alternative approach

#### Preferred Option

The preferred option is option 1. This will ensure that a shared service can be developed in a phased approach and affected staff consulted. It will enable a shared senior management structure to be established prior to further options being developed. This option will generate immediate savings for both councils.

### **4.3 Consultation Exercise**

#### **City Council Exercise**

- i endorse the planned programme of events as set out in **Appendix C** for undertaking the consultation exercise on the 2010/11 budget proposals
- ii not to endorse the proposals and request officers to prepare other options for the consultation programme.

#### Preferred Option

The preferred option is option 1. This will ensure that officers can prepare for the consultation exercise in good time and maximise community engagement by organising the exhibitions and forums after the Xmas and New Year period.

#### **County Council Exercise**

- i to consider the request from the County Council attached as **Appendix D** on Cabinet's preferred method for involvement in their budget consultation exercise and respond accordingly
- ii to consider the request from the County Council on Cabinet's preferred method for involvement in their budget consultation exercise but to offer no view at this stage

#### Preferred Option

The preferred option is option 1. This will ensure that the council can engage positively with the County Council in their budget exercise.

**RELATIONSHIP TO POLICY FRAMEWORK**

The report provides an update of how Cabinet are progressing in meeting 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 £160,000 savings associated with the first phase development of the Shared Service with Preston are estimates at this stage. There will be one-off costs arising from the establishment of the Shared Service but these will not be known until the appointments have been made. Any one-off costs attributable to the council will be met from the Restructuring Reserve.

Other savings identified in Appendix A are estimates at this stage and if supported will be worked up further as the proposals are developed and reported back in the Medium Term Financial Strategy update in November.

**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](mailto:rmuckle@lancaster.gov.uk)