

REPORT TO: Cabinet
Council

DATE: 2nd September 2010
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SUBJECT: Prioritisation And Strategic Budget Review

WARDS AFFECTED: All

REPORT OF: Margaret Carney
Chief Executive

CONTACT OFFICER: Bill Milburn
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EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To progress the development of the Council's prioritisation process and identify actions that can be taken now to help reduce the 2011/12 – 2013/14 budget gap.

REASON WHY DECISION REQUIRED:

To support timely decision making and allow early actions to be taken to help reduce the 2011/12 – 2013/14 budget gap.

RECOMMENDATIONS:

Cabinet is requested to:-

- i) note the report,
- ii) approve the establishment of the identified Strategic / Organisation Design project work-streams, together with the Lead Officer support and Elected Member Overseeing Groups,
- iii) note the intention to present further tactical/operational budget savings options to future meetings of Cabinet, as the prioritisation process develops, which will work towards the closure of the 2011/12 – 2013/14 budget gap,
- iv) recommend to Council that the savings options identified in paragraph 8, to achieve full year budget savings of £2.4m in 2011/12 be progressed.

Council is requested to

- i) agree that the savings options identified in paragraph 8 to achieve full year savings of £2.4m in 2011/12 be progressed.

KEY DECISION: No.
FORWARD PLAN: No.

IMPLEMENTATION DATE: Immediately following the expiry of the “call-in” period for this meeting.

ALTERNATIVE OPTIONS:

Not to agree the issues identified will increase budgetary pressures on the Council.

IMPLICATIONS:

Budget/Policy Framework:

Financial: The options and actions proposed in this report will support the Council’s budget setting process for 2011/12 and seek to reduce the currently predicted MTFP budget gap of ~£53m over the period 2011/12 – 2013/14.

	2008/9 £	2009/10 £	2010/11 £	2011/12 £
CAPITAL EXPENDITURE				
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N				
How will the service be funded post expiry?				

Legal: Formal budgetary decisions must be made at full Council.

Risk Assessment: Early decision making in relation to budget issues will help to mitigate the impact of the consequential changes by giving sufficient time to undertaken the required formal consultation / notification processes.

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

Finance department FD Nos 491

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community			√
2	Creating Safe Communities			√
3	Jobs and Prosperity			√
4	Improving Health and Well-Being			√
5	Environmental Sustainability			√
6	Creating Inclusive Communities			√
7	Improving the Quality of Council Services and Strengthening local Democracy			√
8	Children and Young People			√

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORTReport to Cabinet 8 July 2010 "*Strategic Budget Review and Budget 2010/11*"

Background

1. At their 8th July 2010 meeting Cabinet received a report entitled “*Strategic Budget Review and Budget 2010/11*” that outlined the impact of recent Government announcements, which resulted in a £7.145m reduction of grants for Sefton in the current financial year, 2010/11. The report also updated the Council’s Medium Term Financial Plan (MTFP) to take account of the measures included in the Government’s Emergency Budget, particularly the announcements of a 2 year freeze in Council Tax and the Government’s intention to reduce public expenditure by an average 25% over the next 3 years. The overall impact of these measures was to increase the predicted 3 year MTFP budget gap from ~£30m to ~£53m.
2. Subsequently, a review of the uncommitted Capital Programme was reported to Cabinet on 5th August 2010 and that report is updated elsewhere on this agenda.
3. Informal briefing sessions have also been undertaken with Cabinet and individual Party groups to further develop the prioritisation and budget review process related to the MTFP and the 2011/12 budget.

Next Steps

4. As part of the MTFP / budget development process Directorates & Departments have been asked to review the Strategic Budget Review (SBR) savings options identified, but not taken, for 2010/11 and to consider what other strategic or tactical/operational changes can be proposed in order to close the overall savings gap identified, i.e. currently ~£53m over 3 years (2011/12 – 2013/14) including ~£20m for 2011/12.
5. As an initial result 6 Strategic / Organisational Design project work-streams have been identified across the Council, each project has a senior management Lead Officer and it is proposed that an overseeing Elected Member group comprising a Lead Cabinet Member, a second Cabinet Member (or nominee) and a Scrutiny Chair/Labour Spokesperson is established to support the project development. Each 3 Member overseeing group will be constructed to ensure 3 Party representation.
6. The 6 Strategic / Organisation design project work-streams are:-
 - Customer Access – Lead Officer Bill Milburn
 - Integration of Adults & Children’s Services – Lead Officer Peter Morgan
 - Early Intervention & Vulnerable Person Support – Lead Officer Charlie Barker
 - Procurement & Commissioning – Lead Officer John Farrell
 - Community, Voluntary & Faith Sector – Lead Officer Samantha Tunney
 - Integration and Shared Services – Lead Officer Mike Fogg/Samantha Tunney

It is currently estimated that financial savings of over £8m could be achieved upon the completion of these work-streams; however it may take more than one financial year to achieve that target.

7. Cabinet is asked to endorse the establishment of the Elected Member Overseeing Groups and the development the Strategic work-streams.

8. As a consequence of the initial review of the outstanding SBR options and the identification of other potential savings Cabinet are asked to recommend to Council progression of the following options for immediate action. It is expected that the full year savings identified for each option will be achieved in 2011/12, thus reducing the overall budget gap for that year. It is possible that some part-year savings may be achievable for some options during 2010/11.

Savings Option	£
Full year impacts of Area Based Grant (ABG) funding changes within Children's Services (CSF)	935,000
Removal of severance pay support to schools	700,000
Realise full year Working Neighbourhood Fund/ABG savings (not CSF)	272,000
Communities Directorate Senior Management Restructure	250,000
Managed print services via Avarto	100,000
Removal of Centrex Analogue Telephone Lines	50,000
Downgrade quality of print paper	40,000
Rationalisation of Point of Sale & Bookings Software	30,000
Charge schools for health & safety training course	18,000
Reduction of mobile phones	9,000
Total	2,404,000

9. Early agreement of these options will allow the necessary time to formally progress the options to achieve full year savings in 2011/12.
10. A further range of tactical/operational saving options, made up from the SBR options not taken in 2010/11 and additional options is being compiled. It is intended that these options will be presented to future meetings of Cabinet, as the prioritisation process develops, to work towards the closure of the 2011/12 – 2013/14 budget gap.