

REPORT TO: Cabinet
Council

DATE: 3rd March 2011

SUBJECT: Transformation Programme and Final Revenue Budget
Options 2011/12

WARDS AFFECTED: All

REPORT OF: Margaret Carney
Chief Executive

CONTACT OFFICER: Margaret Carney
Chief Executive and S151 Officer

0151 934 2057

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

The report provides members with final recommendations regarding the 2011/12 Budget. It outlines proposals to balance the budget within the prioritisation framework agreed by Council and responds to the resolution of Council on 27th January 2011.

REASON WHY DECISION REQUIRED:

Following the Government's Spending Review and the Local Government Settlement, the Council is facing a significant budget gap over the next three years. Decisions have been taken over previous months which aim to eliminate the gap and provide a balanced budget in 2011/12. There remains a significant gap in future years.

The Council has a statutory responsibility to set a balanced budget. This budget must also be robust and specific.

RECOMMENDATION(S):

Cabinet is recommended to

- a) Endorse the Neighbourhoods and Safer/Stronger Communities Review and recommend to Council that their activities be funded to the value of £1.2m and mandate officers to commence a consultation process with partners, key stakeholders, employees and Trade Unions including the issue of relevant statutory and contractual notifications
- b) Note the update on Transformation Programme.
- c) Recommend to Council the additional savings/budget adjustments outlined at paragraph 3.1 and totalling £0.95m.
- d) Approve the further savings proposals relating to management and support costs at Paragraph 4 and make appropriate recommendations to Council to mandate officers to continue/commence the consultation process with suppliers, employees and Trade Unions with a view to realising the reduction in costs identified, including the issue of

relevant statutory and contractual notifications .

- e) Note that the balance of Management and Support savings yet to be identified and require officers to report back in the new financial year on specific proposals to meet this target
- f) Note the update on Terms and Conditions and the Social Care Funding and agree to the inclusion of these savings within the final approved budget
- g) Approve the assessment of Tier 2 services and recommend to Council that Officers are mandated to continue the consultation process with relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified
- h) Note the shortfall of £0.30m on the savings achievable from Tier 3 in 2011/12 only
- i) Approve the cessation of externally funded activity in Appendix D due to the reduction in Government funding and mandate officers to commence a consultation process with partners, key stakeholders, employees and Trade Unions including the issue of relevant statutory and contractual notifications.
- j) Recommend to Council the overall budget as detailed in Appendix C including the use of £1.5m of one-off resources funded from the re-appropriation of earmarked reserves
- k) Note that a significant budget gap remains in 2012/13 and that work must begin immediately to identify options for bridging this gap.

Council is recommended, subject to the consideration of Cabinet on 3rd March 2011, to:-

- a) Approve the Neighbourhoods and Safer/Stronger Communities Review, confirm that their activities be funded to the value of £1.2m and mandate officers to commence a consultation process with partners, key stakeholders, employees and Trade Unions including the issue of relevant statutory and contractual notifications
- b) Approve the additional savings/budget adjustments outlined at paragraph 3.1 and totalling £0.95m
- c) Approve the further savings proposals relating to management and support costs at Paragraph 4 and mandate officers to continue/commence the consultation process with suppliers, employees and Trade Unions with a view to realising the reduction in costs identified, including the issue of relevant statutory and contractual notifications
- d) Note that the balance of Management and Support savings yet to be identified and require officers to report back on specific proposals to meet this target
- e) Note the update on Terms and Conditions and the Social Care Funding and agree to the inclusion of the savings within the final approved budget
- f) Approve the assessment of Tier 2 services in line with the previous resolution of Council and determine specific savings proposals (Appendix B) and mandate Officers to continue the consultation process with relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified

- g) Note the shortfall of £0.30m on the savings achievable from Tier 3 in 2011/12 only
- h) Approve the cessation of externally funded activity in Appendix D due to the reduction in Government funding and mandate Officers to continue the consultation process with relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified
- i) Approve the overall budget as detailed in Appendix C including the use of £1.5m of one-off resources funded from the re-appropriation of earmarked reserves.
- j) Note that a significant budget gap remains in 2012/13 and that work must begin immediately to identify options for bridging this gap.

KEY DECISION: No. This report is not a key decision in itself but forms part of the process for setting the Council's budget and Council Tax.

FORWARD PLAN: Yes. Setting the Council's budget and Council Tax is included on the forward plan.

IMPLEMENTATION DATE: Subject to the decision of Council on

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

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton Capital Resources	N/a	N/a	N/a	N/a
Specific Capital Resources	N/a	N/a	N/a	N/a
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure	N/a	N/a	N/a	N/a
Funded by:				

Sefton funded Resources	N/a	N/a	N/a	N/a
Funded from External Resources	N/a	N/a	N/a	N/a
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

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

Risk Assessment: A full risk assessment is contained in the S151 Officer Report elsewhere on the agenda

Asset Management: There are implications contained in the report as a result of decommissioning specific services, these will be reported at a later stage.

CONSULTATION UNDERTAKEN/VIEWS

Strategic Directors
 Director of Corporate Services,
 Assistant Chief Executive,
 Service Directors
 Head of Personnel,
 Head of Corporate Finance & IS
 Trade Unions
 Cabinet Members
 Social Care Providers
 Youth Forum
 Schools
 (Also see paragraphs 2.3 and 11).

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	Jobs and Prosperity			√
3	Environmental Sustainability			√
4	Health and Well-Being			√
5	Children and Young People			√
6	Creating Safe Communities			√
7	Creating Inclusive Communities			√
8	Improving the Quality of Council Services and Strengthening local Democracy			√

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Report to Cabinet 3rd December 2009 *Transformation Programme Update - Strategic Budget Review*

Report to Cabinet 8th July 2010 *Strategic Budget Review and Budget 2010/11*
Report to Cabinet 5th August 2010 *Consultation Framework on Budget Reductions*
Report to Cabinet 2nd September 2010 *Prioritisation And Strategic Budget Review*
Report to Cabinet 30th September 2010 *Transformation Programme Update, Prioritisation
And Strategic Budget Review*
Report to Cabinet 28th October 2010 *Transformation Programme Update and Initial Budget
Savings*
Report to Cabinet 25th November 2010 *Transformation Programme and Further Options*
Reports to Cabinet and Council 16th December 2010 *Transformation Programme and Further
Options*
Reports to Cabinet and Council 27th January 2011 *Transformation Programme and Further
Options*
Reports to Overview & Scrutiny Committee (Performance & Corporate Services) 15th
February 2011 *Review of Current Budget Proposals and Sefton's Financial Settlement
2011/2012 onwards and Transformation Programme Update*
Report to Cabinet 17th February 2011 *Transformation Programme and Further Options*

1. Background

1.1 Members will be aware from previous reports that the Council has forecast a total budget gap of £68m over the next three years based on the Local Government Settlement and the Governments Comprehensive Spending Review. This represents a reduction of 29% on the Councils controllable resources.

1.2 Since September, the Council has been approving savings proposals, which are currently being implemented. Assuming all the approved savings are deliverable, the budget gap has reduced to £2m in 2011/12 with an additional £15.5m of savings still to be identified for 2012/13. The position is summarised below

	2011/12	2012/13	2013/14
	£m	£m	£m
Original forecast saving	38.1	55.8	59.4
Government Settlement impact	6.1	8.3	8.3
<u>Amended Target</u>	44.2	64.1	67.7
Less Approved Savings			
September	-2.5	-2.5	-2.5
October	-2.3	-2.6	-2.6
November	-5.0	-5.1	-4.3
December	-16.8	-22.5	-24.9
January	-15.6	-13.9	-13.9
February	0.0	0.0	0.0
<u>Savings Gap Remaining</u>	2.0	17.5	19.5

1.3 It is important to note that these figures assume the following

- No overall change to the level of external levies within the Council's overall budget. However, a net reduction in the levies of some £0.23m has been notified to us. This is due, in the main, to population changes within the Integrated Transport Authority levy. This variation has been included in the list of further savings included in paragraph 3.
- A 25% reduction in Management and Support is achieved over the two year period;- with 20% being achieved in 2011/12 and the balance in 2012/13. This equates to a total saving of £3.9m in 2011/12.
- The implementation of revised terms and conditions to the value of £3m in 2011/12 and £4m in 2012/13
- No Council Tax increase in 2011/12. However, the Council is eligible to receive an additional specific government grant equivalent to a 2.5% Council Tax increase for 2011/12. This will be received from 2011/12 for the four years of this Parliament; the position after this is unclear.
- No Council Tax increase in 2012/13.
- That the £4.2m resources for Social Care is passported to the Council by NHS Sefton with no additional spending requirements
- That an average of 50% savings can be achieved in services designated as Tier 2. This is equivalent to approximately £2.2m. The previous Council resolution was to identify "if and how" a 50% reduction could be found.
- That full approved savings can be achieved from the decommissioning of those services designated as Tier 3. This is equivalent to approximately £2.9m
- No savings from Sure Start Children's Centres

2. Transformation Programme Update

2.1 Members may recall that in addition to the “Big Ideas” that further reviews have been undertaken including a review of the Neighbourhoods and Safer/Stronger Communities Divisions –

2.1.1 The Neighbourhoods and Safer/Stronger Communities Divisions currently undertake activity in six general work areas; Area Management; Commissioning and management of external funding and Area Based Grant; Community Safety and Anti Social Behaviour; Integrated Offender Management; Protection of Vulnerable Victims and Civil Contingencies. The Divisions are funded by a combination of internal Sefton core budgets and a variety of external funding streams.

2.1.2 The review of the services supports the continued delivery of the following outcomes, at levels commensurate with the reduced resources available:

- Strong, safe and sustainable communities
- Neighbourhoods where communities can thrive
- Inclusive community involvement and engagement in shaping their neighbourhoods
- Responsive services which address community needs and offer value for money and social dividend
- Protection of vulnerable communities, families and individuals
- Reduced inequality

2.1.3 The following gives a snapshot of the continued activities. Details of these, plus what will stop and reduce as a result of the review are included in Appendix A:

- a) Area Management: Area Committee budgets, Area Committees and Partnerships support, Member support, co-ordination of services, problem solving at an area level, Area Plans, Town Centre Management, business engagement for deprived areas and district centres, resident engagement, Parish Council liaison, support to service providers to respond to the needs of areas.
- b) Community Safety: Services & partnerships that protect victims and their families suffering from Disorder & Anti Social Behaviour including support to victims, co-ordination of services, risk assessment and action planning, governance and case management, service user forums, mentoring and support.
- c) Integrated & Intergenerational Offender Management: Development, management & co-ordination of interrelated services, partnerships & strategies that prevent people entering & remaining in an offending lifestyle to prevent families, children & communities from suffering harm, as well as entering high cost Council Services, specifically those services that support for victims, offenders & their families such as, repeat victimisation programmes, mentoring programmes & parental support.
- d) Management of external funding sources - for example, Section 106, Stepclever – current contract values £1.2m.

2.1.4 Cabinet is asked to endorse the Neighbourhoods and Safer/Stronger Communities review and recommend to Council that the continued activities of the Neighbourhoods and Safer/Stronger Communities Divisions be funded to the value of £1.2m, realising a core

budget saving of £1.436m, including £500k reduction in Management and Support costs. It should be noted that the budget gap identified in the last report assumed a reduction to £1m, rather than the £1.2m inclusive of a budget for Area Committees.

2.1.5 Members will be aware that the continued activities, including Civil Contingencies and work relating to Vulnerable Victims of Domestic & Sexual Violence & Hate Crime (which have been classified as regulatory and critical services) may be delivered across other parts of the Council's revised structure.

2.2 A further "*Informing Sefton*" briefing has been published advising staff of the decisions made by Cabinet on 17th February 2011 and progress.

2.3 In January 2011 Transforming Sefton - Meeting Challenging Times internet pages were published informing the public how services and spending have been prioritised so far. These pages include the provision for the public to submit their money savings ideas to the Transformation Team. At the time of writing the report 206 suggestions/submissions have been received. The representations fall within the following broad categories:

- Youth Centres – 55
- Children's Centres – 17
- Leisure and Tourism – 27
- Councillors and Democracy – 13
- Salaries and Conditions – 17
- General – 77

2.4 In September 2009 and June 2010 exercises were undertaken seeking Expressions of Interest for Voluntary Early Retirement/Voluntary Redundancy (VER/VR). The subsequent VER/VRs agreed have resulted in the following savings being generated: -

Year	Savings £000
2010/2011	2,530
2011/2012	2,511
2012/2013	161
Total	5,202

The above savings have been incorporated into specific savings proposals contained elsewhere in this report. The opportunity to express an interest in VER/VR remains open to the workforce and is positively promoted.

2.5 On Friday 11th February 2011, Sefton Council hosted its first Jobs Fair. The event was facilitated Sefton@Work, the Learning and Development service and Corporate Personnel and attracted over 200 employees, 8 private sector organisations and 6 partner organisations. Feedback from the day has been very positive and further events are being planned.

2.6 Overview and Scrutiny, Performance and Corporate Services received reports at their meeting on 15th February 2011 and agreed to monitor the process of decommissioning and transformation of services and that it would monitor the progress of the decisions being phased in over the coming months, and the progress in agreeing the budget savings 2012/13.

3. Latest Budget Position

3.1 Since the February meeting of Cabinet work has been ongoing to identify any further savings/budget adjustments that have not yet been taken into account. As a result of this work approximately £0.95m of further net savings have been identified for 2011/12. However, due to the fact that one of the changes has already been allowed for in 2012/13 and that a new grant will reduce in the second year, the additional ongoing savings will reduce over the following two years. The main items are identified below:

- Re-phasing of Civic Attendants saving £0.14m – This saving was originally approved from 2012/13 and was built into the budget. However, it can now be achieved a year earlier, therefore, an additional saving for 2011/12 has been included
- Reduced Merseytravel / Port Health levies £0.23m – The forecast savings gap assumed a nil increase in the levies from other organisations. A report elsewhere on the agenda now reveals that this reduction has been notified to the Council.
- Reduction in Connexions Contract £0.24m - Local Authorities in Merseyside have a contract with Greater Merseyside Connexions Service to deliver information, advice and guidance to young people in schools and other settings. This contract currently runs until 31st March 2012. Given the budget challenges faced by Local Authorities negotiations have taken place between representatives of the Merseyside Local Authorities and the Greater Merseyside Connexions Service with regard to potential in-year savings that could be made in the financial year 2011/12. The saving which has been agreed for Sefton represents an 11% saving on the current contractual commitment relating to the Connexions contract for 2011/12. This level of saving has been achieved for each of the Local Authorities participating in the current contract.
- Housing Benefit Subsidy £0.16m – A reappraisal of the Council's Housing Benefit Subsidy claim anticipates this saving to be ongoing
- Community Safety Partnership Grant £0.26m – This new Home Office grant has been announced in the last two weeks. It replaced an equivalent Area Based Grant. As it had been assumed that this resource would no longer be available the service was reconfigured at a lower cost. This is an un-ringfenced grant and therefore it is recommended that it be applied against the overall budget gap. However, the grant is due to decrease to £0.13m in 2012/13 and then end in 2013/14.
- Reduced Members Allowances £0.40m – The amendment of allowances was considered and agreed at the 17th February 2011 meeting of Cabinet.
- Neighbourhoods Review (Para. 2.1.4) - Adjustment of the budget to add £0.23m to correct the assumption regarding the Area Committee budgets
- Other miscellaneous increased spending adjustments -£0.11m including Emergency Planning and car parking.

Assuming all these items are approved the remaining budget gap is £1.5m with the same assumptions as detailed in 1.3. These assumptions are updated in paragraphs 4 to 8 below.

4. Reduction in Management and Support Costs

4.1 Council has previously approved the target of 25% reduction in Management and Support costs equivalent to £3.9m in 2011/12 rising to £4.8m in 2012/13. This target will apply to senior management costs, the costs of corporate support and administrative buildings. The report to Cabinet in February identified £1.5m of savings against this target leaving a balance to be identified of £2.4m in 2011/12. The following additional specific savings have now been identified and are presented for approval.

4.2 Safer Stronger Communities/ Neighbourhoods Review

Paragraph 2.1 summarises the outcome of this review. This indicates that a savings of £0.50m can be achieved in the management and support associated with these activities.

4.3 Corporate Finance and Information Services

The Finance Department will deliver an additional £0.44m in 2011/12. This will be achieved by further reduction in staffing accompanied by additional Housing Benefit Subsidy. This latter element is only expected to be available for one year. Further staffing adjustments will be necessary.

4.4 Personnel

The Personnel Department (including Occupational Health), will deliver an additional £0.11m in 2011/12. This will be achieved by reducing approximately three posts. On an initial assessment this would mean one post would be from the Children's and Adults Services Team, one from the Communities Team and one from the Health Unit. The balance will be found by terminating external contracts in respect of occupational health services (in the first instance the physiotherapy contract). The loss of Personnel advice would leave a less effective service in a time of greater demand and the loss of the physiotherapist would potentially lead to some cases of sickness absence continuing without intervention.

4.5 Business Support

The residual elements of the former Combined Business Support Unit (Chief Executive's and Regeneration Directorates) which has been incorporated within Corporate Services, will deliver a part year saving in 2011/12 of £0.09m and a full year saving in 2012/13 of over £0.10m. This will impact on Departments where administrative support was previously delivered and will mean that this support will stop and that Departments will be expected to deliver administrative support tasks.

4.6 Learning & Development

As part of the integration project that was undertaken on Learning and Development an initial saving of £0.20m was identified for 2011/12. The service will deliver during 2011/12 a total part year saving of £0.25m and a full year saving in 2012/13 of over £0.31m. As this service is now integrated, this will have organisational impacts on service delivery which includes internal and external partners, the contracted care provider sector, social care (adults and children's), general organisational and performance related development including leadership and management.

4.7 Performance

Reorganisation of the Performance function achieves a saving of £0.05m which will be achieved through VR and subsequent re-allocation of responsibilities.

4.8 Adult Social Care

Business Transformation – Cessation of change management processes allied to the Governments Adult Social Care 3 year Transformation Agenda with a budget saving of £0.04m.

4.9 Technical Services

Reorganisation of the function achieves a saving of £0.06m which will be achieved through VR and subsequent re-allocation of responsibilities.

4.10 These additional savings for 2011/12 together with some additional voluntary redundancies total £1.64m . When this is added to the £1.5m identified in February, the total savings achieved are £3.15m against the target of £3.9m in 2011/12. This leaves a balance still to be identified of £0.75m. It is considered feasible that this balance can be identified as further management structures are progressed. It is therefore recommended that this remains as a target in the 2011/12 Revenue Budget and will be closely managed throughout the year.

4.11 Cabinet is asked to consider the proposals relating to management and support costs and make appropriate recommendations to Council to mandate officers to continue/commence the consultation process with suppliers, relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified, including the issue of relevant statutory and contractual notifications.

5 Terms and Conditions

5.1 Further to the resolutions of the Cabinet on 30th September, 16th December 2010 and 27th January 2011 consultation is ongoing. At this stage there is sufficient confidence to believe these savings will be achieved in full.

6. Social Care Funding through the PCT

A sum of £4.2m has been allocated to NHS Sefton in 2011/12 to fund social care activities that achieve the priorities of both organisations. A formal agreement is being developed but it is assumed that this amount will be passported to the Council in support of existing activities. At this stage there is sufficient confidence to believe these savings will be achieved in full.

7. Tier 2 Assessment

7.1 Officers have now completed an assessment of Tier 2 services to determine if and how 50% cost savings can be achieved in 2011/12. The detail of these assessments, implications and related savings proposals are contained in Appendix B. Cabinet is asked to consider these assessments and determine the savings required from each service activity. A summary of the potential savings is given below. This represents a shortfall in excess of £0.10m on the target established at the February Council.

		£k
7.1.1	Sure Start Children's Fund	147
7.1.2	Sure Start – Aiming High	109
7.1.3	Parenting Team	88
7.1.4	TAMHS (Schools)	67
7.1.5	Targeted Youth	372
7.1.6	Detached Youth	30
7.1.7	Coast & Countryside	497
7.1.8	Tourism	292
7.1.9	Arts & Cultural Services	300
7.1.10	Affordable Warmth	49
7.1.11	Environmental Conservation	181
		2,138

7.2 Cabinet is asked to approve the assessment of Tier 2 services and recommend to Council that Officers are mandated to continue the consultation process with relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified.

8. Tier 3

8.1 The decommissioning of Tier 3 continues. Having reviewed decommissioning timescales there is likely to be a shortfall of £0.32m on the total assumed savings in 2011/12. This is due to implementation and staff consultation issues including the issue of relevant statutory and contractual notifications.

8.2 The full value can be achieved in 2012/13. A summary of the Tier 3 services and associated savings is included within the overall budget analysis at Appendix C.

9. External Funding

Council has previously approved a number of recommendations regarding externally funded activity. Cabinet will recall that in addition to these approved options Officers continued to progress the review of externally funded activity. Appendix D identifies those services where Officers are now aware that funding is to cease or reduce. Cabinet is asked to mandate officers to commence a consultation process with partners, employees and Trade Unions with a view to ceasing the activity identified including the issue of relevant statutory and contractual notifications. The review of externally funded activity has been comprehensive and continues to be updated upon receipt of further detail from Government and other organisations.

10. Equality Impact Assessment

10.1 In accordance with the decommissioning guidance agreed at a previous Cabinet meeting, officers will ensure that issues related to the equality analysis will be met in relation to services which Council has agreed will be decommissioned in Tier 3. High level equality analysis has been completed in relation to Tier 1 and Tier 2 and the recommendations of these can be rolled out once the prioritisation of Tier 1 and Tier 2 services is agreed.

11. Public Consultation and Engagement

11.1 The Cabinet Member for Performance and Governance at his meeting on 16th February, 2011, approved a high level Communication and Consultation Strategy and Plan (Appendix E), which will ensure that the communication and consultation that does take place in relation

to the Transformation Programme is appropriate. Cabinet has previously approved the summary detail of the strategy, when it approved the Decommissioning Guidance. In accordance with the Decommissioning Guidance, officers have been communicating with staff and key stakeholders in relation to services which Cabinet has agreed will be decommissioned in tier 3. Departments have been following the communication and consultation guidance in relation to Tiers 1 and 2.

12 Overall Budget Position 2011/12 and 2012/13

The table below summarises the latest budget position assuming the proposals contained in this report are approved. It indicates a gap of £1.5m in 2011/12, increasing to £16.9m in 2012/13

	2011/12	2012/13	2013/14
	£m	£m	£m
Savings Gap Remaining 17 February	2.0	17.5	19.5
Additional Savings Para 3.1	-0.9	-0.7	-0.7
Tier 2 shortfall – Para 7.1	0.1	0.1	0.1
Tier 3 shortfall – Para 8	0.3	0.0	0.0
Use of one-off resources	-1.5	0.0	0.0
Anticipated minor changes	0.0	0.0	0.1
Revised Savings Gap	0.0	16.9	19.0

Given the extent of the gap and savings identified and approved to date it is recommended that the 2011/12 gap be met from one –off resources. This is considered appropriate given the risk associated with identifying additional options at this stage of the budget process. In addition the shortfall associated with Tier 2 and Tier 3 is in itself a short term funding issue. These one-off resources could be met from the decision at the last Cabinet to appropriate £12m of earmarked reserves to fund the costs of redundancies (£10m) plus support for the budget (£2m).

13 Conclusion

- 13.1 Since September the Council has been undertaking a series of reviews and prioritisation which has enabled over £42m of savings to be approved. This has been a complex process undertaken in a very short period of time. As such there are risks associated with the full achievement of these requirements. Measures have been put in place to mitigate and manage these risks and regular monitoring reports will be provided for members throughout the year. This issue is dealt with in more detail in the robustness of the budget report elsewhere on the agenda.
- 13.2 This report provides the latest budget position and indicates that the budget can be balanced providing £1.5m on one-off resources is used to support the budget. These one-off resources are available from the provision established at the last Cabinet meeting from the re-appropriation of reserve accounts.
- 13.3 While the issues identified in this report would balance the budget for 2011/12 a significant gap of £16.9m remains for 2012/13. Work must begin immediately to plan and prepare for this further reduction. These further reductions will only be achieved with a radical redesign of Council services and by enhancing the Council's ability to manage the risk and demand associated with the critical services particularly adult and children's social care.

14. Recommendations

Cabinet is recommended to

- a) Endorse the Neighbourhoods and Safer/Stronger Communities Review and recommend to Council that their activities be funded to the value of £1.2m and mandate officers to commence a consultation process with partners, key stakeholders, employees and Trade Unions including the issue of relevant statutory and contractual notifications
- b) Note the update on Transformation Programme
- c) Recommend to Council the additional savings/budget adjustments outlined at paragraph 3.1 and totalling £0.95m
- d) Approve the further savings proposals relating to management and support costs at Paragraph 4 and make appropriate recommendations to Council to mandate officers to continue/commence the consultation process with suppliers, employees and Trade Unions with a view to realising the reduction in costs identified, including the issue of relevant statutory and contractual notifications
- e) Note that the balance of Management and Support savings yet to be identified and require officers to report back in the new financial year on specific proposals to meet this target
- f) Note the update on Terms and Conditions and the Social Care Funding and agree to the inclusion of these savings within the final approved budget
- g) Approve the assessment of Tier 2 services and recommend to Council that Officers are mandated to continue the consultation process with relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified
- h) Note the shortfall of £0.30m on the savings achievable from Tier 3 in 2011/12 only
- i) Approve the cessation of externally funded activity in Appendix D due to the reduction in Government funding and mandate officers to commence a consultation process with partners, key stakeholders, employees and Trade Unions including the issue of relevant statutory and contractual notifications.
- j) Recommend to Council the overall budget as detailed in Appendix C including the use of £1.5m of one-off resources funded from the re-appropriation of earmarked reserves
- k) Note that a significant budget gap remains in 2012/13 and that work must begin immediately to identify options for bridging this gap.

Council is recommended, subject to the consideration of Cabinet on 3rd March 2011, to:-

- a) Approve the Neighbourhoods and Safer/Stronger Communities Review, confirm that their activities be funded to the value of £1.2m and mandate officers to commence a consultation process with partners, key stakeholders, employees and Trade Unions including the issue of relevant statutory and contractual notifications

- b) Approve the additional savings/budget adjustments outlined at paragraph 3.1 and totalling £0.95m
- c) Approve the further savings proposals relating to management and support costs at Paragraph 4 and mandate officers to continue/commence the consultation process with suppliers, employees and Trade Unions with a view to realising the reduction in costs identified, including the issue of relevant statutory and contractual notifications
- d) Note that the balance of Management and Support savings yet to be identified and require officers to report back on specific proposals to meet this target
- e) Note the update on Terms and Conditions and the Social Care Funding and agree to the inclusion of the savings within the final approved budget
- f) Approve the assessment of Tier 2 services in line with the previous resolution of Council and determine specific savings proposals (Appendix B) and mandate Officers to continue the consultation process with relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified
- g) Note the shortfall of £0.30m on the savings achievable from Tier 3 in 2011/12 only
- h) Approve the cessation of externally funded activity in Appendix D due to the reduction in Government funding and mandate Officers to continue the consultation process with relevant stakeholders, employees and Trade Unions with a view to realising the reduction in costs identified
- i) Approve the overall budget as detailed in Appendix C including the use of £1.5m of one-off resources funded from the re-appropriation of earmarked reserves.
- j) Note that a significant budget gap remains in 2012/13 and that work must begin immediately to identify options for bridging this gap.