

Council

BUDGET SAVINGS 2009/10 - 2011/12

(Report of the Acting Deputy Chief Executive)

1. Summary of Proposals

The Council is asked to consider the latest position on the budget options and to receive and consider the responses following the formal consultation period which ran from 23 February 2009 to 19 March 2009.

The report outlines the financial position agreed at Council on 23 February 2009 including the agreed budget bids and provides the most up to date position with regard to known variations.

Local Authorities are not able to approve a budget in which anticipated sources of income are less than the proposed expenditure levels.

2. Recommendations

The Council is asked to RESOLVE that

- 1) **the Council specify from the schedule of savings (which have been subject to formal consultation) which to approve for the forthcoming three years 2009/10 to 2011/12;**
- 2) **the variations and impacts on the budget to those matters formally consulted upon be noted; and**
- 3) **Officers provide a future options report to enable Members to consider the potential for re-investment in services to assist with the economic downturn.**

3. Financial, Legal, Policy, Risk and Sustainability Implications

Financial

- 3.1 The estimates which support this Council's consideration form part of the Council's General Fund revenue budget requirement for 2009/10. Savings of £793.6k are required to achieve a balanced budget for 2009/10. The financial implications are as set out throughout this and the original report to Executive and Council on 23 February 2009.

Legal

- 3.2 A statutory framework exists to ensure that Local Authorities set a balanced budget. The annual budget brings together the Council's expenditure plans and the ways in which income is raised to finance that spending. Local Authorities are not able to approve a budget in which anticipated sources of income are less than the proposed expenditure levels.

Local Government Act 2003

- 3.3 There are a number of requirements that the Council's Section 151 Officer (the Council's designated Senior Finance Officer) has to include in budgetary reports. These issues and the Section 151 Officer's comments are fully detailed in the report reproduced at Appendix 1.

Policy

- 3.4 There are significant policy implications arising from this report, dependant upon which options the Council chooses to support.

Risk

- 3.5 The risks of implementing the proposed savings have been identified within the relevant appendices.

Sustainability / Environmental

- 3.6 The Councils revised Priorities were agreed by Council in December 2008. The alignment with the Councils priorities are stated within the budgetary schedule, which include environmental issues.
- 3.7 Financial sustainability will be supported by meeting the necessary savings levels to achieve a balanced budget.

Report

4. Background

- 4.1 At the 18 February 2009 meeting of the Executive Committee and subsequent meeting of full Council on 23 February 2009, the Council agreed the following:-
- a) The Initial Estimates for 2009/10;
 - b) Revenue Bids categorised as unavoidable and high, (Appendix 1 - Pages 67/68);

- c) General fund bids for capital resources categorised as unavoidable and high, (Appendix 1 - Pages 69/70);
 - d) Housing Revenue Account bids for capital resources categorised as high (Appendix 1 - Page 73) and that;
 - e) the savings/additional funding, detailed at (Appendix 1 - Pages 75-83) be approved for the purpose of consultation.
- 4.2 The original Executive report of 18 February 2009 is reproduced to provide clarity to Members.

5. Key Issues

5.1 The updated Medium Term Financial Plan reported to Council on 23 February 2009 highlighted the requirement to make savings (either in savings or increased revenue) to meet the budget deficit(s) for the years 2009/10 to 2011/12. These figures include all of the bids approved by Council on 23 February 2009.

5.2 Savings required:-

- a) 2009/10 £793,600
- b) 2010/11 £1,643,300
- c) 2011/12 £1,857,000

5.3 In order to meet the budget deficit in the medium term, a schedule of potential savings proposed by the Corporate Management Team has been subject to a period of formal consultation from 28 February 2009 to 19 March 2009.

5.4 As a result of the previous Council decision 4 members of staff were placed "potentially at risk of redundancy" and X staff advised of the potential TUPE arrangements should there be the transfer to alternative providers (REDI Centre and Matchborough West / Batchley Community Centres).

5.5 Following final decisions of Council the staff ultimately at risk will have the opportunity to secure alternative employment with the Authority via the redeployment process.

Variations

5.6 Councils attention is brought to the following variations / information which has been confirmed / notified following the last meeting of Council.

LABGI

- 5.7 The LABGI Year 3 contingency distribution of £123.1k was built into the budget assumptions for outturns for 2008/09 and estimated general fund balances. To date LABGI allocations for the year's 209/10 to 2011/12 have not been advised so no variation to the plan is advised.

Benefits Subsidy

- 5.8 Notification was received on 12 March 2009 from the Department of Works and Pensions that £255k of "retrospective withheld benefit subsidy" will be paid to the Authority. This payment was received on 16 March 2009. The impact of this being a "one off" payment is that it increases the potential level and schedule of savings to the following:-

Original recommended savings 9/10	£960,700 (Original schedule)
Benefit Subsidy	<u>£255,000</u> (revised schedule)
	£1,215,700

- 5.9 This one off payment has no impact on subsequent years savings for 2010/11 and 2011/12 and these remain as stated within the original schedule:-

2010/11	£1,478,500
2011/12	£1,585,300

- 5.10 It is proposed that Officers prepare a report for Members' future consideration which outlines a range of options to assist / mitigate against the impact of the economic downturn. Members may wish to consider a further level of reinvestment in services which could positively assist individuals and communities at such a difficult time.

Outturn figures

- 5.11 No additional information is currently available to advise Members of any amendments to the General Fund outturn figures for 2008/09.

Redundancy Costs

- 5.12 Dependant on the Councils final decisions, the potential redundancy figure of (£35,100) could be affected.

Pay Award

- 5.13 The impact of the 2008 pay settlement means that an additional £25,700 saving has been identified and this will be returned to

General Fund balances. The pay award was originally budgeted at 3% with the actual award being 2.75%.

This additional saving / award has not at this stage been refactored into the revised savings schedule.

Local Area Agreement (LAA)

- 5.14 Worcestershire County Council have advised of the intention to provide each of the 6 district Local Strategic Partnerships (LSPs) with reward grant funding at the level of £20,000 per annum for five years to assist in the administration / support of the LSPs. This grant has not been factored into the budget estimates and will be considered by the Redditch LSP at the first opportunity

Additional revenue requirements

- 5.15 If Members do not agree to the following saving proposals then additional revenue will be required for 2009/10 and each subsequent year thereafter:-

Fireworks - Additional £15,000 revenue required
Pest Control - Additional £5,000 revenue required

Consultation

- 5.16 The consultation process which concluded on 19 March 2009 consisted of:-
- a) Detailed discussion with directly affected staff;
 - b) Staff briefings and issued core brief / intranet; articles and updates
 - c) Meetings with the Trade Unions;
 - d) Public consultation via the Media / Local press
 - e) Email direct to the Acting Joint Chief Executive.
- 5.17 In total there were **X** responses received from staff and **X** responses from members of the public / stakeholders. A summary of the responses received are enclosed at Appendix 2 for Members consideration.
- 5.18 Officers of the Corporate Management Team have overviewed / considered the submissions and provided a response to each of the issues. Where there have been multiples of the same issue raised (i.e. petitions) there is one composite response.
- 5.19 A full pack of all the consultation responses will be made available to the Group Leaders and available electronically to all Memebers.

Timetable

- 5.20 Once agreed by Council, implementation will commence immediately, unless otherwise specified. As a result of the need to undertake full and proper consultation the full year impact of some of the savings will not be achieved in 2009/10 and the savings have been reduced to reflect this.

6. Other Implications

Any Community Safety, Human Resource, Social Inclusion and Sustainability implications have been included in the main report and supporting appendices.

7. Conclusion

Net Position

- 7.1 Subject to Members decisions at Council, any changes to the schedule of savings will alter the net position for the forthcoming 3 years, i.e.

- | | | | |
|----|---------|-------------------------------|----------------------------|
| a) | 2009/10 | (£132,000) revised (£387,000) | including Benefits subsidy |
| b) | 2010/11 | £164,800 | |
| c) | 2011/12 | £274,900 | |
| d) | Overall | £307,700 revised £52,700 | including Benefits subsidy |

Therefore the overall balance of required savings : £52,700.

- 7.2 Additional savings will need to be made in order to balance the three year plan. Council has agreed to the following reports being brought before Members by the end of July.

- a) Arrow Valley Countryside Centre and Forge Mill Museum - Reports outlining the options and potential for alternative management arrangements and / or transfer to alternative provider(s).
- b) Shopmobility and Dial-a-Ride - Business cases to be developed to consider revised arrangements / options to deliver long term sustainability within both schemes.

7.3 Members have also indicated that consultation and future financial planning will commence in June 2009 for years 2010/11 and thereafter.

8. **Background Papers**

Previously published Council and Executive reports and minutes.

9. **Consultation**

Directors, Corporate Management Team and Financial Services Manager.

10. **Author of Report**

The author of this report is Sue Hanley (Acting Deputy Chief Executive), who can be contacted on extension 3601 (e-mail: sue.hanley@redditchbc.gov.uk) for more information.

11. **Appendices**

Appendix 1 Executive Committee report 18 February 2009 - General Fund Revenue Budgets & Capital Bids 2009/10 - 2011/12.

Appendix 2 Summary of consultation received on Budget Strategy Options - March 2009.

Appendix 3 Compilation of all received responses (Confidential to Members).