

SERVICE REVIEWS 2010 - 2013

LEAD OFFICER: Alison Clark, Accountancy Services Manager and
Acting Section 151 Officer

REPORT AUTHOR: Barry Williams, Interim Accountant (Service Reviews)

Summary:

This report has been prepared to inform members of the Resource Planning Working Group of the progress made to meet the requirements of Stage 1 of the service review process to find planned under-spends in financial year 2010/11.

Recommendations:

The Resource Planning Working Group is asked to;

- (i) Make recommendations to the Executive in respect of those underspends that the group wishes to take forward as reductions to the 2010/11 budget requirement.

1 INTRODUCTION

- 1.1 The purpose of this report is to identify potential under-spends arising from stage 1 of the service review process, which are available to reduce the 2010/11 budget requirement.
- 1.2 Underspends have been identified through an examination of the financial performance of individual service areas against approved budgets and allow where necessary for proposed carry forward requests that are being considered as part of the out-turn report elsewhere on the agenda.
- 1.3 Heads of Service have also been asked to examine their 2010/11 budgets to see if there is any possibility of either stopping or deferring projects or other spending proposals to reduce the budget requirement for the year.
- 1.4 This report does not address the budget implications of potential carry forwards from the 2009/10 financial year. The under-spends included within this report will result in reductions to the 2010/11 base budget before it is adjusted for any carry forwards approved by members.

2 PROPOSALS TO REDUCE THE 2010/11 BUDGET

2.1 As part of Stage 1 of the Service Review Process Heads of Service have been asked to identify;

- Any items of expenditure that can be taken out of the budget as they are no longer necessary.
- Any potential savings in 2010/11 that can be made by deferring spending to a later date.
- Whether the income targets within the 2010/11 budget are unrealistically low and can therefore be increased reducing the net budget requirement for the year.
- Whether there are any ongoing budgetary commitments that have been omitted from the 2010/11 budget.

2.3 The results of this exercise are summarised in the following table;

Department	Reduced/ delayed Spending £'000	Increased Income £'000	Total £'000
Customer Services	(7.7)	0	(7.7)
Finance & MIS	(10.0)	0	(10.0)
Policy & Performance	(3.0)	0	(3.0)
Legal & Democratic Services	(14.0)	0	(14.0)
Development Operations	(11.0)	0	(11.0)
Leisure & Environmental Services	(105.2)	(188.0)	(293.2)
Development Strategy	(116.1)		(116.1)
Total	(267.0)	(188.0)	(455.0)

Details of the individual proposals by department are shown at Appendix A to the report.

2.4 Overall therefore £455,012 has been identified from the Stage 1 service review process to reduce the 2010/11 budget requirement.

2.5 In addition, all carry forwards included within the 2010/11 budget approved in March 2010 and as part of the out-turn report elsewhere on the agenda will be monitored to determine if there is any scope for reducing the budget in later years, especially if approved carry forwards are not used for the purposes intended. Ultimately, the use of carry forwards for specific purposes by services should be reviewed to enable the level of general reserves to be increased to support the budget over the next few years,

given the expected restrictions on public sector spending likely to be imposed by the Government in the next spending review.

3 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 3.1 The report sets out the proposed savings to the 2010/11 budget arising from Stage 1 of the Council's approved service review process. The approved budget for 2010/11 will be reduced if the proposals are accepted by RPWG and the Executive.

4 PROJECT AND RISK MANAGEMENT

- 4.1 There will be no significant effect on service provision arising from Stage 1 of the service review process as it deals with existing cost variances and carry forward requests. Whilst the proposals are realistic, there is a risk that delivery of the budget reductions may not be achieved in full in 2010/11 and therefore impact on the financial position at the year-end. The full effects of these proposals will be included as part of the 2011/12 budget reduction target.

5 IMPACT ON CORPORATE PLAN

- 5.1 The service review process embraces the planning process and all the objectives of the Council.

6. OPTIONS TO BE CONSIDERED

- 6.1 The RPWG are asked to consider all of the budget reduction proposals contained within this report and recommend to the Executive which of the proposals should be carried forward as budget reductions in 2010/11.
- 6.2 Recommendations from the RPWG should take account of the potential effects on service delivery during 2010/11

7. CONCLUSIONS

- 7.1 The results of the examination of the financial position of the Council at 2009/10 provide a useful start to the service review process.
- 7.2 It is important that the Council's existing base budget requirement is established before the next stage of the service review process gets underway. The use of inaccurate financial information will lead to false comparisons when considering benchmarking, unit costs and other financial performance related data.

8. WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

- 8.1 In financial terms the approval of proposals within this report will reduce the budget requirement for 2010 /11 and later years.

9. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 9.1 This report forms Stage 1 of the service review process approved by the Choosing to Change Board and which will be monitored by RPWG between now and the end of September.

- 9.2 Heads of Service are required to lead on the service review process and assess the impacts and associated risks of the proposals they bring forward as alternative service delivery options. Financial support to services will be provided by Accountancy Services.

10. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 10.1 The service review process is designed to improve the cost effectiveness of the Council to enable it to meet likely financial difficulties arising from the forthcoming public sector spending review.
- 10.2 The first stage of this process, covered by this report is quite narrow in its remit. Further work will include a full examination of how services are delivered and what options there are to make further significant reductions in the Council's budget requirement. Details are contained within the Council's service review self assessment guidance, which will be considered in due course by RPWG.

List of Appendices

Appendix A Service review proposals by cost centre affecting the 2010/11 budget.

List of Background Documents

Service Review Self Assessment Procedure

List of Consultees

Corporate Team

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed.

This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Section 151 Officer Comments	No further comments to add
Monitoring Officer Comments	None

Please say if this report will require the making of a Key Decision YES/~~NO~~

Appendix A

Service review changes affecting the 2010/11 budget

	<u>Expenditure Reductions</u> £'000	<u>Additional Income</u> £'000	<u>Total</u> £'000
<u>Customer Services</u>			
Reduce Allpay budget	(5.0)		
Reduce security budget	(2.7)		
	(7.7)	0	(7.7)
<u>Finance & Management Information Systems</u>			
Reduce IT costs	(10.0)	0	(10.0)
<u>Policy & Performance</u>			
Performance Improvement Team	(3.0)	0	(3.0)
<u>Legal & Democratic Services</u>			
Reduce computing costs – Civic & Mayoral	(2.0)		
Reduce members allowances	(2.0)		
Reduce software licence costs – Elections	(2.0)		
Reduce software licence costs – Land Charges	(8.0)		
	(14.0)	0	(14.0)
<u>Development Operations</u>			
Reduce relocation Expenses – Head of Development Operations	(2.5)		
Staff re-structure - Property Services	(7.3)		
Reduce equipment budget – Property Services	(1.2)		
	(11.0)	0	(11.0)

	<u>Expenditure Reductions</u> £'000	<u>Additional Income</u> £'000	<u>Total</u> £'000
<u>Development Strategy</u>			
Economic Development - Hospital	(7.1)		
Economic Development Manager (vacancy until Aug 10)	(12.0)		
Homeless Manager (vacancy saving – 4 months)	(10.0)		
Homeless Priority Needs (do less kitting out)	(5.0)		
Homeless contract (reduce the contract)	(2.0)		
Working Neighbourhood Fund Community Initiatives (delay some spend until 2011/12)	(80.0)		
	(116.1)	0	(116.1)
<u>Leisure & Environmental Services</u>			
<u>Management</u>			
Non-recruitment of Head of Service (full year)	(70.0)		
<u>Cultural Services</u>			
Staffing re-structure	(24.2)		
<u>Enforcement</u>			
Additional income - Market		(14.0)	
Dogs Enforcement – reduced contractor costs	(5.0)		
<u>Open Spaces</u>			
Cemetery - Additional income		(12.0)	
Crematorium - Reduced business rates	(6.0)		
Crematorium - Additional income		(92.0)	
<u>Waste Re-cycling</u>			
Revised recycling targets increasing reward income		(70.0)	
	(105.2)	(188.0)	(293.2)
Overall Total	(267.0)	(188.0)	(455.0)