

CABINET

23 DECEMBER 2008

Report of the Chief Financial Officer

ITEM 6 Draft 2009/10 General Fund and HRA Budgets

Purpose of the Report

1. To advise members of the projected base budget position for 2009/10 on the basis of the provisional grant settlement for 2009/10.
2. To review the savings and growth proposals put forward during the Service Planning process for the year 2009/10, and to begin a period of consultation.

Recommendation

That in light of the corporate plan, the Cabinet endorses for consultation:

- the level of Council Tax increase at 3.5%,
- the General Fund and HRA Revenue Budgets for 2009/10,

Reason

To provide the opportunity for consultation on the 2009/10 budgets and potential pressures and savings.

Policy Context

The Council's Budgets are fundamental to the delivery of all services.

Next Steps

Cabinet is asked to endorse the Budget proposals contained in and appended to this report as a basis for consultation. These proposals will be subject to consultation over the period from now to 10 February 2009. Consultation will consist of:

- Scrutiny by the Performance & Audit Scrutiny Committee and the Scrutiny Commission
- Trades Unions
- Local Businesses and Commercial Ratepayers
- Formal consultation with key partners, including members of the Leicestershire Together, Towns and Parishes

Proposals on the General Fund and HRA Budgets plus Council Tax will return to Cabinet on 26 February 2009 for recommendation to Council on 2 March 2009.

Context

This 2009/10 budget has been constructed at a time of major economic turmoil. United Kingdom base rates recently dipped to just 2%, a fifty-seven year low, in response to the significant perceived risks of recession and deflation. This follows a summer of exceptionally high energy prices and a near-catastrophic failure in the international banking system.

The Council is already experiencing the impact of the economic downturn on its finances. It can be argued that economic factors have resulted in a negative impact on the Council's 2008/09 finances of around £1m. This amount reflects the significant likely shortfall against budgets for planning and building control income, land charges income and investment interest receivable, together with increases in concessionary travel scheme costs.

The medium term outlook for the economy appears very uncertain and this has been reflected in our approach to setting the budget summarised in subsequent sections.

Overview

The deterioration in the Council's financial situation over the latter half of 2008, principally due to the sudden fall in income, has been rapid and mirrors the deterioration in the wider economic situation. In constructing the budget the Council has therefore:

- Instigated a Managed Savings Programme during financial year 2008/09 designed to maximise available balances for the beginning of 2009/10 with minimal impact on front-line service delivery;
- Mitigated the impact of the economic downturn by 'freezing' certain vacancies in the medium term whilst recognising that recruitment will be required as economic activity picks up;
- Implemented a Managed Vacancy Programme for 2009/10 to save £300k. All requests to fill vacancies will be reviewed by a team of directors and they will consider the impact on services, potential for other staff to cover, other ways to cover the vacancy such as secondment etc before deciding whether the recruitment can go ahead.
- Planned to use working balances in 2009/10 to allow structural changes to the Council's cost base to be carried out in a controlled manner thereby placing the Council in a strong position to meet the financial challenges of 2010/11 and subsequent years.

The budget constructed therefore restricts expenditure without compromising service delivery and enables a General Fund balance at above £1m (a good practice benchmark)

to be maintained. As noted above, financial year 2010/11 and subsequent years are likely to provide significant financial challenges which will require structural adjustments to the Council's cost base. In constructing the budget for 2009/10 the Council recognises these challenges and requires the commitment of members and officers to implement appropriate policies in response.

Approach to the 2009/10 Budgets

The principles underpinning the Council's approach to constructing the budget are summarised above. The method by which the Council has addressed specific budgetary issues is detailed in the paragraphs below.

It is generally accepted that the United Kingdom economy is moving into recession. However, opinion is divided as to the length and depth of the recessionary period. In constructing the budget the Council has, in line with previous custom, designated Service pressures and savings as either 'one-off' (applicable only to the year in which the budget is set) or ongoing. These Service pressures and savings are set out in detail in Appendices 1 to 7. In reality, many of those savings and pressures categorised as one-offs, particularly those related to income streams, are likely to continue for a period greater than one year. The table presented below summarises those pressures considered likely to exist for greater than one year but expected to reverse as the economy recovers. Also presented in this table are the savings strategies designed to mitigate these pressures. In broad terms these will operate throughout the recessionary period and be relaxed as pressures reverse. All savings and pressures presented are extracted from Appendices 1 to 7.

Table A: One-off savings and pressures likely to exist for more than one year

Directorate	(Savings) £'000	Pressures £'000	Comments
Programmes & Resources		56	Lack of demand for land charges services deemed likely to continue into 2010/11
Programmes & Resources	(10)		Medium term restriction in corporate training budget
Governance & Procurement	(41)		Vacancy for Performance Improvement Officer 'frozen'
Development		225	Costs of concessionary travel scheme in excess of associated grant income
Development		256	Lack of demand for planning applications deemed likely to continue into 2010/11
Development		140	Lack of demand for building control services deemed likely to continue into 2010/11
Development	(28)		Vacancy for Economic Development Officer 'frozen'

Directorate	(Savings) £'000	Pressures £'000	Comments
Development	(80)		Vacancies for two Development Control Officers 'frozen'
Development	(12)		Anticipated travel, printing and stationery savings associated with fall in demand for planning services
Housing & Health	(25)		Use of Building Control Officers to undertake inspections of Houses of Multiple Occupation whilst building control activity remains 'flat'
General	(300)		Managed vacancies programme – applicable across all Directorates – which will consider freezing vacancies as they arise on a case by case basis
	(496)	677	Net 'medium term' pressure of £181k

In December 2007 the Council launched an Arms Length Management Organisation, Charnwood Neighbourhood Housing Limited ('CNH'), to manage the majority of its housing functions. During its first year of operation, CNH was contracted to take the majority of its support services from the Council. CNH has now reviewed the supply of these support services and has provisionally indicated that it does not wish to continue with some of them. In addition, the Council has reviewed the level of charges made to CNH for certain support functions in line with the management agreement. These charges were set for 2008/09 when CNH was just starting and the actual workloads and level of support provided have now been reviewed following a full year of operation. In the light of this review, income levels from CNH have been reduced and corresponding savings have been factored in for services which CNH no longer requires the Council to provide. These are all included in the Service Pressures and Savings as set out in Appendices 1 to 7.

At present the Council is in negotiation with a potential service provider in respect of the future provision of Finance, Human Resources ('HR'), Information & Communication ('ICS') and Revenue & Benefits services, including Non-Domestic Rates. Should the outsourcing of these services proceed then the anticipated start date is 1 August 2009. However, as these negotiations are continuing, and a decision is not due to go to Cabinet until 18 December 2008 the 2009/10 Budgets do not reflect the potential impact of this.

The Council does now share the provision of Property Services with North West Leicestershire Council and the financial impact of this is embedded in the 2009/10 General Fund budget.

In view of the current economic situation, a Managed Savings Programme has been introduced in 2008/09 to identify one-off savings that do not materially affect the provision of services to the public and these savings amount to £499k. The effect of this, plus a change in the use of reserves in 2008/09, has been reflected in the Revised Budget figures for 2008/09 as set out in Table B.

Since the Revised 2008/09 Budget was approved by Council on 10 November 2008, new guidance has been received from the Department of Communities and Local Government ('DCLG') regarding the treatment of impairment of investments in respect of loans to Icelandic controlled banks. This guidance, which will lead to a new regulation under the Local Government Act 2003, allows councils to defer the impact of impairments until 2010/11. It is anticipated that the situation regarding both the amount and timing of any payouts by the administrators of the Heritable Bank Plc will be clearer by the end of March 2010 which will allow a more precise impairment provision to be made. An appropriate amendment to the Revised Budget for 2008/09 has been made in Table B.

This report is in sections. Section A shows the base position of the Council's General Fund spending proposals for 2009/10, incorporating the recommended pressures and savings, as shown in detail in Appendices 1 to 7. The base position in section A is compared with the revised budget for 2008/09 and shows the major changes between the two years.

Savings and pressure proposals are summarised within section B - these have been ascertained through the Service Planning process undertaken by all Directorates, the details are in Appendices 1 to 7.

Section C contains information in respect of the Loughborough Special Levy and its full make up is shown in Appendix 9. It is incumbent on the Council, under the Local Government Act 2003, to ensure that a balanced budget is set after due consideration of the duties and plans which are proposed for the coming year and that adequate financial reserves are held, these are shown at Section D.

Section E provides a position statement for the HRA and its detailed savings are set out in Appendix 10.

Sections F and G deal with Capital and Risks respectively.

A. Base Position 2009/10

Table B – Draft Budget 2009/10

	2008/09 Revised Budget	2009/10 Original Budget	Variance - Original to Revised
-			
-	£000	£000	£000
General Fund Service Expenditure	25,003	24,616	387
Less: Capital Charges	(4,137)	(3,568)	(569)
Net Service Expenditure	20,866	21,048	(182)
Service Pressures	1,465	1,644	(179)
Service Savings	(836)	(1,331)	495
Managed Savings Programme	(499)	0	(499)
Anticipated Contributions to Capital	1,222	614	608
Impairment of Investment	1,000	0	1,000
Adjustment re: DCLG Impairment Guidance	(1,000)	0	(1,000)
Interest Payable	237	237	0
Less: Interest on Balances	(1,252)	(770)	(482)
Total Borough Expenditure	21,203	21,442	(239)
Less Contribution (from) Reinvestment Reserve	(819)	(123)	(696)
Less Contribution (from) Capital Plan Reserve	(577)	(432)	(145)
Less Contribution (from) Working Balance	(205)	(959)	754
Less Contribution (from) Performance Reward Grant Reserve	(87)	(179)	92
Less Contribution (from) LABGI	(806)	(601)	(205)
Funded from Grants and Council Tax as below:	18,709	19,148	(439)
Revenue Support Grant	1,467	2,304	837
Redistributed NNDR	10,535	9,984	(551)
RSG - Concessionary Travel	354	362	8
Council Tax Receipts	5,156	5,372	216
Loughborough Special Levy	1,159	1,189	30
Collection Fund	38	(63)	(101)
	18,709	19,148	439

	2008/09 Revised Budget	2009/10 Original Budget	Variance - Original to Revised
	£p	£p	£p
Base Borough Council Tax	97.25	100.61	3.36
Loughborough Special Levy	70.78	72.79	2.01

The provisional Grant Settlement produced a like for like increase of 2.4% in Central Government Grants. The RSG for Concessionary Travel is a contribution from Central Government towards the national scheme. Based on the experience to date in 2008/09 the level of reimbursement from Central Government for 2009/10 will not be sufficient to cover these costs and accordingly a service pressure of £225k has been included for next year.

The above Council Tax projection is based on the provisional settlement, Loughborough Special Levy and projected Council Tax base. The Loughborough Special Levy is forecast to be £72.79 in 2009/10 (£70.78 in 2008/09), an increase of 2.8%.

The Council Tax projection represents an increase of 3.5% on the base Council Tax level. Each additional 1% in Council Tax produces approximately £50k. The Government has indicated that total increases should be substantially below 5% and will not hesitate to use its capping powers.

Included in the Net Service Expenditure figure of £21,048k in 2009/10 are net savings of £63k. In table D below these are described as Memorandum savings and are not included in those items requiring approval as they do not result in any changes to service levels. The Anticipated Contribution to Capital covers various approved schemes. Included in the £614k is £170k for Planned Property Refurbishments which may or may not be capitalised depending on the precise nature of the individual works.

The forecast receipt of interest in 2009/10 at £770k is £482k, 38%, lower than the amount for 2008/09. This reflects the predicted low level of interest rates in the forthcoming year as well as the much narrower range of institutions that meet the Council's criteria for its investments.

Currently, the above summary includes the recommended Pressures and Savings as summarised by Directorate in Tables C and D, and set out in detail in Appendices I to 7. As indicated above, this would result in a contribution from the Working Balance of £959k, leaving £1,494K as the Working Balance at the end of March 2010, as shown in Table F.

The base position does not include the possible impact of an external provider for Finance, ICS, HR and Revenues & Benefits. However, it includes provision for inflation at rates deemed appropriate to the relevant goods, services or income as well as the present establishment, after allowing for the April 2009 estimated salary award and a similar level of salary related on-costs to that for 2008/09.

B. Service Pressures and Savings

The appendices I- 7 show the details of the Service Pressures and Savings and these are summarised in Tables C and D below.

Table C - Summary of Pressures

Directorate	Pressures		
	Ongoing	Oneoff	Total
	£'000	£'000	£'000
Deputy Chief Executive	255	(45)	210
Programmes & Resources	105	46	151
Governance & Procurement	64	120	184
Partnerships & Customer Services	55	(16)	39
Development	180	644	824
Loughborough Regeneration	0	0	0
Leisure & Environment	307	(74)	233
Housing & Health	0	3	3
	966	678	1,644

Table D – Summary of Savings

Directorate	Savings			
	Ongoing	Oneoff	Total	Memo
	£'000	£'000	£'000	£'000
Deputy Chief Executive	(251)	105	(146)	(5)
Programmes & Resources	(85)	(29)	(114)	(0)
Governance & Procurement	(2)	(104)	(106)	(0)
Partnerships & Customer Services	(26)	(9)	(35)	(13)
Development	(229)	(119)	(349)	(4)
Loughborough Regeneration	0	0	0	(0)
Leisure & Environment	(414)	(44)	(459)	(33)
Housing & Health	(85)	(38)	(123)	(8)
	(1,092)	(239)	(1,331)	(63)

Table E - Major pressures and savings included above:

Reason	Savings		Pressures		Total
	Ongoing	Oneoff	Ongoing	Oneoff	
<u>Linked Pressures/Savings</u>	£'000	£'000	£'000	£'000	£'000
Potential Loss of Income from CNH	0	0	588	0	588
Savings Required due to reduced CNH income	(191)	0	0	0	(191)
Reduced Income from Garden Waste scheme due to slower take up	0	0	139	0	139
Reduced Costs of Garden Waste scheme due to slower take up	(200)	0	0	0	(200)
South Charnwood Swimming Pool - loss of revenue during closure plus increased costs of new activities	0	0	90	50	140
South Charnwood Swimming Pool - increased income from new activities	(140)	0	0	0	(140)
<u>Other Major Pressures/Savings</u>					
Projected Costs of Local Development Framework Examination in Public	0	0	180	54	234
Concessionary Travel	0	0	0	225	225
Reduced Income from Planning Fees	0	0	0	256	256
Reduced Income from Building Control Fees	0	0	0	120	120
Reduced Income from Land Charges	0	0	50	56	106
Higher Planning Delivery Grant	(190)	0	0	0	(190)

The first part of the above table shows major pressures and savings that are linked whilst the second section shows other major pressures and savings. £761k of these pressures are regarded as one-offs, but some may run through until 2010/11 and their status will be reviewed as part of the 2010/11 Original Budget process.

C. Loughborough Special Levy

Appendix 8 shows the current estimated position of the Loughborough Special Expenses for 2009/10, including relevant pressures and savings.

The proposed precept is based on the provisional grant position for setting precepts and within the Government's general guidelines for setting maximum precepts; this may change after the final settlement is received. As recently announced, the Council has entered into a partnership so that Loughborough can participate in the East Midlands in Bloom competition in 2009/10. To this end an extra £55k has been included in the Loughborough Parks amount of £558k shown in Appendix 8.

The Cabinet of 17 July 2008 approved the formation of a Director of Loughborough Regeneration, and a proportion of the costs relating to this post are now included within the 2009/10 Loughborough Special Levy, as part of the Town Centre Management amount of £152k. The Council will need to approve the definition of this expenditure at the time the Loughborough Special precept is levied. The estimated Loughborough Special Levy will be £72.79 which is a 2.8% increase over 2008/09.

D. Reserves and Balances

There is a requirement to ensure that the level of balances is appropriate for the Council's commitments and current level of expenditure. The following basis is used to determine the reserves and working balances.

Working Balance

The recommended minimum Working Balance remains at £1m, based on the net revenue expenditure of the Council. The draft budget would result in the balance on this fund at the end of March 2010 being £1,494k which is £494k above this limit.

Reinvestment Reserve

This is used for three purposes, these being:

- For items that produce a payback to the Council;
- To fund costs that lead to appreciable service improvements;
- To fund one-off costs.

This reserve has a minimum target level of £500k and is predicted to be at £453k at 31 March 2010. It is intended that this shortfall will be made up in future years.

LABGI Reserve

Receipts of Local Authority Business Growth Incentive ('LABGI') monies have to be treated as Central Government grants for accounting purposes. Accordingly, these are then placed in a reserve account and transferred to capital or revenue budgets once

decisions are taken as to how they will be used. The future distribution of LABGI money is still to be confirmed although it is anticipated that counties will receive two-thirds and districts one-third, which is a reversal of the present position. In addition, the actual level of LABGI in future years has still to be confirmed.

Performance Reward Grant Reserve

These were one of grants and as with LABGI receipts these are also taken to a reserve account and are transferred to the General Fund when required.

Capital Plan Reserve

This reserve operates as a holding reserve for transfers from the Reinvestment Reserve for capital expenditure. Should there be sufficient funds in the capital plan at the end of the three year capital cycle then these amounts would be transferred back to the Reinvestment Reserve. However, it is not anticipated that there will be sufficient capital receipts at March 2010 and this reserve will be utilised to fund the relevant capital schemes.

Table F - Revenue Reserves, assuming the draft budget set out in Table B above is adopted.

Reserve	Estimated Balance at 1 April 2009	Receipts in 2009/10	Transfers to General Fund in 2009/10	Balance at 31 March 2010
	£'000	£'000	£'000	£'000
Working Balance	2,453	0	(959)	1,494
Reinvestment Reserve	576	0	(123)	453
LABGI Reserve	501	100	(601)	0
Performance Reward Grant Reserve	179	0	(179)	0
Capital Plan Reserve	432	0	(432)	0
Total Revenue Reserves	4,141	100	(2,294)	1,947

E. Housing Revenue Account

The final determination, which controls the calculation of subsidy, capital charges and rent increase in the HRA, will not be notified by the Government until on or after 16 December 2008. Accordingly, this draft budget has been prepared using assumptions for those items and these will be revised before the final budget is submitted to Cabinet on 26 February 2009 and Council on 2 March 2009. However, this draft budget does include recommended savings, which are listed in Appendix 9 and the anticipated management charge from CNH.

These initial estimates assume an average 6.2% increase in dwelling rents (and a void rate of 2%), and produce a surplus of £228k within the HRA leaving a balance of £330k, which equates to £56 per dwelling, approximately half the recommended amount.

Table G – Draft HRA 2009/10 Budget

	2008/09 Revised Budget £'000	2009/10 Original Budget £'000	Variance - Original to Revised £'000
<u>Expenditure</u>			
Supervision and Management	1,119	1,119	0
Managed Savings Programme	(65)	0	65
CNH Management Fee	9,315	9,548	233
Service Pressures	0	0	0
Service Savings	0	(434)	(434)
Rents, Rates and Other Charges	34	36	2
Rent Rebates	7	10	3
Provision for Bad or Doubtful Debts	106	109	3
Depreciation	3,744	3,810	66
Debt Management Expenses	6	6	0
Expenditure sub-total	14,266	14,204	(62)
<u>Income</u>			
Gross Rental Income from Dwellings	16,307	17,297	990
Rent from Shops, Land and Garages	338	355	17
Warden Service Charges	560	628	68
Central Heating and Communal Charges	195	205	10
Leasehold Flat and Shop Service Charges	99	101	2
Hostel Service charges	84	93	9
Other Charges	16	17	1
HRA Subsidy	(6,950)	(7,798)	(848)
Major Repairs Allowances	3,641	3,706	65
Income sub-total	14,290	14,604	314

	2008/09 Revised Budget	2009/10 Original Budget	Variance - Original to Revised
	£'000	£'000	£'000
Net Cost of Services	(24)	(400)	(376)
Transfer from General Fund - Grounds Maintenance	(90)	(92)	(2)
Amortised Premiums	484	427	(57)
Investment Income and Mortgage Interest	(88)	(60)	28
Net Operating Expenditure/(Income)	282	(125)	(407)
Appropriation: Transfer from Major Repairs Reserve	(103)	(103)	0
HRA Balance at Beginning of Year	(281)	(102)	179
(Surplus)/Deficit for the Year	179	(228)	(407)
HRA Balance at end of Year	(102)	(330)	(228)

The above surplus of £228k for the year assumes a £201k (2.2%) decrease in the Management Fee from CNH in 2009/10 compared with that for 2008/09. This is still being negotiated. As with the General Fund there is a Managed Savings Programme in place in the HRA for the remainder of 2008/09 and this is targeted to save £65k.

Whilst rents are estimated to increase by £990k the majority of this is cancelled out by a £848k increase in the HRA Subsidy. This is an amount assessed on a set formula that has to be repaid to the Government by the HRA. The Council has recently participated in Government consultation about this subsidy but no immediate changes are expected as the Government is also reviewing the whole basis of HRA funding.

F. Capital Plan

2009/10 is the last year of the 2007/08 to 2009/10 Capital Plan and a separate Cabinet report will be tabled on 23 December 2008 which sets out proposals for the new three year plan to 2011/12. There are no negative revenue impacts from the proposed new Capital Plan and any adjustments for savings will be made following consultation on the new Capital Plan, although these are not material.

G. Risks

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
One off expenditure that is dependent, to a greater or lesser extent, on specific external funding is susceptible to that funding either not being forthcoming or being reduced.	Low	Medium	Expenditure will either be curtailed or scaled back and/or or alternative funding sought.
Government grant settlement is materially below that assumed	Low	High	Final budgets will not be approved until the settlement is known.
Continued shortfall of income due to length/severity of recession being worse than anticipated.	Medium	Medium	Revenue monitoring will identify such a trend and remedial action will be put forward.

Scrutiny Committee: Performance & Audit Scrutiny Committee

Key Decision: No

Background Papers: Detailed working papers in Accountancy/Service Directorates

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Appendix 1 - Summary for Deputy Chief Executive

Recommended service savings and pressures

Impact

Service	Description of proposed (saving) / pressure	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Impact					Risk	
						Corporate Plan Priorities (+/0/-)	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications		
Savings												
Human Resources	Delete post of HR Trainee A0204. Retain £7.8k to provide agency/overtime cover for peak periods.	(7,100)		(7,100)	Risk of reduction in service particularly during peak periods & staff absence. Loss of resilience.	0	y	y	n	Staff reduced from 3.3 FTE to 2.3 FTE. Post vac	Reduction in service. Need to develop self service and retain £7,800 to provide agency/overtime in holiday etc periods.	
Human Resources	Reduce Staff Advertising budget A0204 through reduced advertising in publications.	(10,000)		(10,000)	Failure to recruit suitable staff through poor coverage. This can be mitigated by careful selection of posts.	0	y	n	n	None	This could result in a reduction in service.	
Human Resources	Reduce staff wellbeing budget by not providing flu jabs	(1,000)		(1,000)	Possible reduced staff numbers during any flu epidemic, but previous inoculations were not demonstrably effective	0	n	n	n	None	Could result in reduced levels of sickness through influenza. Increased vulnerability in a flu epidemic or pandemic	
Human Resources	Long Service Awards	(800)		(800)	None in normal years.	0	n	n	n	None	Insufficient budget to pay awards in peak years	
Human Resources	Reduction in travel/car allowance	(1,000)		(1,000)	No significant risks identified	0	y	y	n	None	No significant impacts envisaged	
Human Resources	Reduction of Training budgets across DCX	(4,000)		(4,000)	Staff will have reduced capability to learn new skills or build on existing skills with	0	n	y	n	None	Service delivery may be slightly less focused and professional than	
Finance	Reduced external audit fee and bank charges, also minor reduction in contingency budget.	(19,500)		(19,500)	None These savings are from reduced Bank Charges budget due to a new contract being unit based rather than fixed fee. Also audit fee has stabilised from the position of PWC/AC being	0	y	n	n	None	None	
Revenues	DEPENDENT ON SHARED SERVICES Deletion of 2.5 posts from the Revenues establishment.	(50,100)		(50,100)	Risk that resources are too limited to maintain service levels particularly during busy periods. Loss of resilience. Potential deterioration in	0	y	y	n	Reduction of 2.5 fte (vacant)	Reduction in level of service - Council Tax collection rate and account processing times.	
Benefits	DEPENDENT ON SHARED SERVICES Deletion of 2 posts from the Benefits establishment as a result of a re-organisation of the Benefits Service.	(41,000)		(41,000)	Reduction in level of service - causing potential delays in processing new and amended claims with adverse impact on service to customers and worse PI's	0	y	y	n	Reduction of 2 fte (vacant)	A restructuring is needed to allocate resources to priority areas, improve efficiency and integrate existing staff into a more effective configuration in order to put the service on a sounder, more resilient footing and alleviate the current stresses in this area	
Accountancy	DEPENDENT ON SHARED SERVICES These savings derive from a complete review of Financial Services but involve potential severance costs	(9,500)	66,400	(75,900)	Service levels should be maintained	0	y	y	n	Mix; Likely reduction of 1 post	Changes in organisation structure and ways of working; Potential complications in renegotiation of CNH SLA	

Appendix 1 - Summary for Deputy Chief Executive

Recommended service savings and pressures

Impact

Service	Description of proposed (saving) / pressure	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Corporate Plan Priorities (+/-)	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications	Risk
Document Management System	DEPENDENT ON SHARED SERVICES Introduction of Document Management System in Benefits. This would facilitate the combination of Revs and benefits admin teams and eventually save two posts. There is a pressure associated with this in the form of set up costs and also an imputed 17,500 year one cost to reflect need for additional staffing in year one.	24,500	40,000	(15,500)	Risk of delays in project implementation. Also processes would need to be tested to ensure that they operate effectively and without errors	0	y	y	n	Reduction of 1 fte in year 1, 2 fte year 2 and beyond	Hopefully none.
ICS	Minor reductions	(2,000)		(2,000)	Minimal	0	y	y	n		Minimal
ICS	CNH Income - use of Danwood printing	(15,000)		(15,000)	Minimal	0	y	y	n		Risk of CNH finding alternative provider
General	Reduction of Consultancy budgets across DCX	(8,000)		(8,000)	Errors resulting from lack of appropriate advice	0	y	y	n	None	Service will no longer have designated scope for bringing in
Pressures											
Human Resources	Licencing for upgrading Business Objects to supported version	5,000	0	5,000	Use of software automates reports and reduces requirements for staff time	0	n	n	n		Greater staffing cost or reduction in management information if not supported
Accountancy	Preparation work for the introduction of Financial Reporting Satandards with effect from 1.4.2010	10,000	10,000	0	Legal requirement to change standards	0	n	n	n		Possible failure of accounts at audited if not supported
Income Services	Temporary Income staff for Direct Debit and Anniversary billing for Garden Bins plus other related costs	25,100	25,100	0	Switch to Direct Debit will improve efficiency and provide a service improvement for customers.	0	n	n	n		Dissatisfaction from late processing and possible income loss if not supported.
Council Tax Service Unit	Increase in Printing £5k, Postage costs £1k, Court Costs £8.6k and Debt Collecting £5k.	19,600	0	19,600	Unavoidable cost	0	n	y	n		n/a
Central Telephone Expenses	Pressures on central telephone account due to new CCTV and alarm circuits plus move of Grounds Maintenenace to Derby Road.	10,000	0	10,000	Unavoidable cost	0	n	n	n		n/a
ICS	Annual licensing charges following development of T-Gov items (eg. Biz Talk, SharePoint, SQL license extentions, replacement, renewal)	40,000	0	40,000	Unavoidable cost can be partially offset through reduction in hardware capital purchases	0	n	n	n		n/a
General											
Human Resources, Accountancy, Income, Payments & Payroll	Potential loss of CNH Income in reduced SLA charge	180,400	0	180,400	Change represents some adjustments to service levels and a reduction in charge to HRA to 'market' levels. Potential for using saving to increase HRA reserves.	0	n	y	n		n/a
Cross Directorate	Managed Vacancy savings across Directorate	(80,000)	(80,000)		Managed corporately to minimise impact. This is an estimated pro rata allocation but no actual directorate specific targets are set.	0	n	n	y	Delayed recruitment	Strain on existing staff and services due to delay in recruitment
Net (Savings) / Pressures		65,600	61,500	4,100							

Appendix 2 - Programmes and Resources

Proposed service savings / pressures

Impact

Service	Description of proposed saving / pressure	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Corporate Plan Priorities (+/-)	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications	Risk
Savings											
Mayoralty	Re-organisation of Mayoral Service	(12,000)	0	(12,000)	reduction in service and reduced mayoral profile	0	n	n	n	one possible redundancy	May impact on satisfaction with Council
Management	Merge CFO post with Director of Programmes and Resources	(73,200)	0	(73,200)	Provides for s151 role at Director level. Should facilitate recruitment.	0	n	n	n	both posts vacant	May focus post on financial aspects rather than the range of broader corporate cross cutting issues
Training and Development	Corporate training budget	(10,000)	(10,000)	0	less investment in staff	0	n	n	n	reduce training	staff morale and investment
Committee Services	End of fixed term contract - Committee Services officer, L303 MH	(19,100)	(19,100)	0	- Reduction in the number of meetings supported by the team – in particular Partnership meetings (Neighbourhood Management / Charnwood Together / Health and Well-Being Forum / Crime and Disorder. - Support in discretionary areas such as Scrutiny Panels / JC	0	n	n	y	loss of 1 post	LAA no longer supported from CBC unless other efficiencies can be found in how democratic services operates.
Pressures											
Programme & Project Support Team	Senior Project Manager - M105	55,200	0	55,200	Unbudgeted cost currently offset by frozen Improvement Manager post in Governance & Procurement	0	n	n	n	0	n/a
Elections	Elections - central staffing for European/county elections	12,000	12,000	0	Supplementary to allowed expenses which don't cover everything	0	n	n	n	0	Reputational risk of poor performance in the count
Land Charges Income	Reduction in Land Charges income	56,000	56,000	0	An interim decline in income due to the downturn in the property market	0	n	n	y	0	n/a
Land Charges Income	Reduction in Land Charges income	50,000	0	50,000	A permanent decline in income due to the introduction of personal searches at an unrealistic fixed fee	0	n	n	y	0	n/a
General											
Cross Directorate	Managed Vacancy savings across Directorate	(22,000)	(22,000)		Managed corporately to minimise impact. This is an estimated pro rata allocation but no actual directorate specific targets are set.	0	n	n	y	Delayed recruitment	Strain on existing staff and services due to delay in recruitment
Net (Savings) / Pressures		36,900	16,900	20,000							

Appendix 3 - Governance and Procurement

Proposed service savings / pressures

Impact

Service	Description of proposed saving / pressure	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Corporate Plan Priorities (+ / -)	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications	Risk
Savings											
Internal Audit	Performance Improvement Officer vacancy - frozen, F418 ex HG	(40,700)	(40,700)		To be managed	0	n	n	y	Vacancy	
Property	Budget reduction - Southfields annex	(1,500)		(1,500)	None	0	y	n	n	none	
Property	Rent cessation MacCaulay House	(61,600)	(61,600)		None	0	y	n	n	none	
Property	Cessation of repair budgets - MacCaulay House	(2,100)	(2,100)		None	0	y	n	n	none	
Pressures											
Macaulay House	Delapidations on MacCaulay House	135,000	135,000	0	Unavoidable	0	n	n	n	none	
Misc Land & Property	Empty Building Costs - Magistrates Court	10,000	10,000	0	Unavoidable	0	n	n	n	none	
General											
Internal Audit	Potential loss of CNH Income	39,600	0	39,600	Charge represents reduction in charge to HRA to 'market' levels. Potential for using saving to increase HRA reserves.	0	n	y	n	none	
Legal	Potential loss of CNH Income	74,700	0	74,700	Difference between the two lines is the proportion of unavoidable cost due to overhead within service and corporately	0	n	n	n	Possible - to be determined	
Legal	Required saving due to cessation of CNH SLA	(50,500)		(50,500)	Potentially significant but unavoidable if CNH terminate as indicated	0	n	n	n	Possible - to be determined	
Cross Directorate	Managed Vacancy savings across Directorate	(25,000)	(25,000)		Managed corporately to minimise impact. This is an estimated pro rata allocation but no actual directorate specific targets are set.	0	n	n	y	Delayed recruitment	Strain on existing staff and services due to delay in recruitment
Net (Savings) / Pressures		77,900	15,600	62,300							

Appendix 4 - Partnerships and Customer Services

Proposed service savings / pressures

Impact

Service	Description of proposed saving	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Corporate Plan	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications	Risk
						Priorities (+/0/-)					
Savings											
Various	Deletion of the equivalent of a Scale 4 post (37 hours reduction may be contributed across several service areas)	(23,000)	0	(23,000)	None anticipated	0	y	n	n	1 vacancy	Will require management time invested in improved business process reviews without which there is a danger of reduced capacity leading to reduced services to public - longer processing times
Licences	Increased income from Taxi licences	(3,000)	0	(3,000)	None	0	y	n	n	none	none
Preferential Parking	Residents Preferential Parking: Reduction in contribution to Leicestershire County Council due to costs of running the service	(9,100)	(9,100)	0	None	0	n	n	n	none	none
Pressures											
Consultants Fees	Options appraisal of the potential for redesign of the physical environment of Warwick Way and adjoining areas.	20,000	20,000	0		+	n	n	n	none	Options produced by study may not be realisable within existing resources
General											
Contact Centre	Potential loss of CNH Income	140,300	0	140,300	Difference between the two lines is the proportion of unavoidable cost due to overhead within service and corporately	0	n	n	n	n/a	n/a
Contact Centre	Required saving due to cessation of CNH SLA	(85,800)		(85,800)	Potentially significant but unavoidable if CNH terminate as indicated	0	n	n	n	Possible - to be determine	Restructuring may not be able to align reduced resources with remaining requirements in service
Cross Directorate	Managed Vacancy savings across Directorate	(36,000)	(36,000)		Managed corporately to minimise impact. This is an estimated pro rata allocation but no actual directorate specific targets are set.	0	n	n	y	Delayed recruitment	Strain on existing staff and services due to delay in recruitment
Net (Savings) / Pressures		3,400	(25,100)	28,500							

Service	Description of proposed saving	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Corporate Plan Priorities (+/0/-)	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications	Risk
Pressures											
Local Development Framework	Projected costs of the LDF Examination in Public (Planning Inspector, Programme Officer and legal representation at EIP) plus additional consultancy costs allied to any research required to supplement the evidence base for the Core Strategy and prepare the evidence base for Allocations and Development Control DPDs,	234,000	54,000	180,000	The progression of the LDF to adoption is a statutory function and the costs of the Examination in Public cannot be avoided. Additional costs also are inevitable in ensuring that the Council has a comprehensive evidence base in position to demonstrate the soundness of its preferred options otherwise the plan is placed at risk of being found unsound necessitating a review and further Examination in Public	+	n	n	n		Certain elements of public inquiry are unavoidable. Cutting costs on others risks challenge to core strategy and other planning policies in LDF
Planning	GIS mapping of all open spaces in Charnwood, regardless of ownership, to improve maintenance	10,000	10,000	0	Mapping of all open space will deliver efficiencies in the management of maintenance contracts and support an essential component of the LDF evidence base.	+	n	n	n		Would either result in higher costs in planning maintenance or risk continuing high levels of dissatisfaction with green spaces maintenance and responding to public complaints on same
Concessionary Travell	Bus operator reimbursement and other charges resulting from take up levels above government special grant - Service Expected to be transferred to County Council in 2011/12	225,300	225,300	0	Delivery of the National Concessionary Travel scheme is a statutory function which could not be delivered without the additional resources required to bridge the funding gap between the level of government grant and the actual costs of the scheme.	0	n	n	y		n/a
Planning	Reduced income from Planning Applications (P500 J0545)	255,700	255,700	0	The reduction in income from planning fees reflects the impact of the global economic crisis; it may be mitigated in part through the use of Housing and Planning	0	n	n	y		
Building Control	Reduced income from Building Regulations applications and related site inspections	140,000	140,000	0	The reduction in Building Control fees income reflects the impact of the global economic	0	n	n	y		n/a
General											
Cross Directorate	Managed Vacancy savings across Directorate	(41,000)	(41,000)		Managed corporately to minimise impact. This is an estimated pro rata allocation but no actual directorate specific targets are set.	0	n	n	y	Delayed recruitment	Strain on existing staff and services due to delay in recruitment
Net (Savings) / Pressures		475,500	524,800	(49,300)							

Appendix 6 - Leisure and Environment

Proposed service savings / pressures

Impact

Service	Description of proposed saving	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Corporate Plan Priorities (+/-)	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications	Risk
Savings											
Grounds maintenance	Grounds maintenance fleet Contract & other contract / purchasing savings	(35,000)	(30,000)	(5,000)	Minimal / no service impact	0		n			Minimal
Leisure	L'boro Leisure Centre Contract Savings	(45,100)	(45,100)	0	Minimal / no service impact	0		n			Minimal
Leisure	Soar Valley Leisure Centre Contract Savings	(12,600)	(12,600)	0	Minimal / no service impact	0		n			Minimal
Leisure	South Chamwood Swimming Pool - One year loss of income (£50,000) and additional running costs offset (£89,700) offset by £139,700 ongoing income estimate.	0	50,000	(50,000)	Improved facilities and dry side facilities in South Chamwood Leisure Centre	+	n	n	n	Nil	Risk that projected income levels may not be realised
Various	Various Minor Efficiencies, Income increases and Savings from Parks, Allotments & Sports Development	(24,200)	(1,400)	(22,800)		0		n			
Crematorium	Increased Crematorium turnover commission	(5,000)	(5,000)	0	Minimal / no service impact	0		n			Minimal
Car Parking	Increase in Car Park & Fixed Penalty Notice Income & recovery of court costs	(42,300)	0	(42,300)	Minimal / no service impact	0		n		Nil	Minimal
Public Conveniences	Quorn Public Convenience - transfer to Parish Council	(14,000)	0	(14,000)	Minimal / no service impact	0		n			Minimal
Public Conveniences	Sileby Public Convenience - Closure	(13,000)	0	(13,000)	Minimal / no service impact	0		n			Minimal
Public Conveniences	Newtown Linford - Public Convenience final costs	(600)	0	(600)	Minimal / no service impact	0		n			Minimal
Fleet & maintenance	Reduced contract hire figures re off-hire of fleet vehicle and CCTV	(17,600)	0	(17,600)	Minimal / no service impact	0		n			Minimal
Festive Lights	Re- tender of Festive lights erection and dismantle based on this yrs one year contract. Contract to be tendered next yr for 3-5 years	(31,000)	0	(31,000)	Minimal / no service impact	0		n			Minimal
Drainage	Reduced expenditure re Environment Agency Contract	(31,200)	0	(31,200)	Minimal / no service impact	0		n			Minimal
Recycling	Slow take up of Garden Waste scheme has meant additional round not required (£200,000), but income of £138,700 forgone	(61,300)	0	(61,300)	Although producing a cost saving, slow take up of scheme has impacted on recycling rates for composting	-		n			
Recycling	Increased income from expanded recyclates being collected. NB could be affected by falling market prices.	(76,600)	0	(76,600)		0		n		0	Current financial climate could reduce price received for recyclates
Town Hall	Cultural exemption on tickets for VAT purposes.	(49,000)	0	(49,000)	Minimal / no service impact	0		n			Minimal
Pressures											
Culture, Arts & Heritage	New post delivering the actions of Childrens & Young People Strategy	33,000	0	33,000		+		n			
Parks & Opens Spaces - Loughborough Special Rate	Costs of Loughborough In Bloom to be funded from Loughborough Special Levy	55,000	0	55,000		+		n			
Car Parking	Central Leicestershire Notice Processing Unit increased charges	15,000	0	15,000		0		n			
Car Parking	Maintenance of Car Parking Equipment incorrectly reduced alongside general building repair & maintenance budgets	3,000	0	3,000		0		n			
Recycling	Reduced price for textile/glass	9,400	0	9,400		0		n			
Recycling	LCC Recycling Credit -Garden waste not at expected levels and 5% contamination level	70,400	0	70,400		-		n			

Appendix 7 - Housing and Health

Proposed service savings / pressures

Impact

Service	Description of proposed saving	2009-10 Total £	2009-10 One-off £	2009 - 10 Ongoing £	Description of Impact	Corporate Plan Priorities (+/0/-)	Efficiency	Shared Services in scope	Interim Saving/Pressure	Staff implications	Risk
Savings											
Pest Control	Reduced costs for dog control contract	(5,000)	0	(5,000)	Based on current levels of activity	0	y	n	n	None	VFM saving with no detriment to the service
Housing renewal	Reduced salary due to phased retirement of postholder	(13,000)	(13,000)	0	Reduced staff capacity being managed in service, but this would not be possible if activity increased	0	n	n	y	0.4 FTE due to phased retirement of postholder	Reduced access for customeres in this service area
Homelessness	Bed and Breakfast costs	(80,000)	0	(80,000)	Assumes continuing pattern of usage and effectiveness of other interventions, and continuation of SAP	0	y	n	n	None	Positive direction of travel of CLG targets and VFM assessment of performance
Housing standards	Cover risk based HHSRS inspection programme of licensed HMO's using Building Control staff	(25,000)	(25,000)		None - viable whilst demand for Building Control services remains low; Maintains skilled labour force during slump in building related work	0	n	n	y	.75 FTE	Risk that may need to be withdrawn if Building Control demand increases
Pressures											
Housing standards	Implement a risk based HHSRS inspection programme of licensed HMO's and identify and investigate non compliant licensable HMOs undertaking enforcement action as necessary	25,000	25,000	0	Reinforces Student Management Strategy	0	n	n	n	.75 FTE	Risk in recruitment of part time post
General											
Cross Directorate	Managed Vacancy savings across Directorate	(22,000)	(22,000)		Managed corporately to minimise impact. This is an estimated pro rata allocation but no actual directorate specific targets are set.	0	n	n	y	Delayed recruitm ent	Strain on existing staff and services due to delay in recruitment
Net (Savings) / Pressures		(120,000)	(35,000)	(85,000)							

LOUGHBOROUGH SPECIAL EXPENSES 2009/10

Service	Total	Capital Charges	Loughborough
	£	£	£
November Fair	9,300	0	9,300
<u>Parks:</u>			
Loughborough - including Loughborough in Bloom	685,600	127,100	558,500
Gorse Covert and Booth Wood	8,900	0	8,900
<u>Sports Grounds:</u>			
Derby Road	72,700	10,300	62,400
Lodge Farm	28,000	0	28,000
Nanpantan	52,500	200	52,300
Park Road	25,700	100	25,600
Shelthorpe Golf Course	35,800	100	35,700
Loughborough Cemetery	129,400	0	129,400
Allotments - Loughborough	35,600	0	35,600
Carillon Tower	36,300	21,500	14,800
Festive Decorations and Illuminations	85,400	21,300	64,100
Town Centre Management, including contribution to Loughborough Regeneration	156,700	0	156,700
	1,361,900	180,600	1,181,300
Adjustments from Year 2007/08	75,682	147,261	-71,579
Add 2007/08 Savings Included in 2008/09	79,279		79,279
AMENDED TOTAL	1,516,861	327,861	1,189,000
Council Tax Base			Divided by 16,334.80
Special Council Tax			<u>72.79</u>

2009-10 Service Pressures & Identified Savings Summary for Housing & Health Directorate

Cost Centre Description	Account Description	Costc	Account	2009-10	2009/10		Details
				Total	One-off Recommended	Ongoing Recommended	
				£	£	£	
Summary for Housing & Health							
Service Savings							
HRA Repairs & Maintenance	CNH Ltd Management Fee	J000	E0721	(173,400)	(173,400)	0	Reduction in CNH Management Fee
HRA Special Services	CNH Ltd Management Fee	J012	E0721	(67,400)	(67,400)	0	Reduction in CNH Management Fee
HRA Housing Research & Development SU	CNH Ltd Management Fee	J200	E0721	(120,400)	(120,400)	0	Reduction in CNH Management Fee
HRA Central Overhead A/c (former S900)	CNH Ltd Management Fee	J900	E0721	(72,800)	(72,800)	0	Reduction in CNH Management Fee
Total Service Savings				(434,000)	(434,000)	0	
Total for Housing & Health				(434,000)	(434,000)	0	
Memorandum Only- The following Savings have already been deducted from BWP's							