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| Key Decision Required: | No | In the Forward Plan: | No |
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CABINET

10 NOVEMBER 2010

REPORT OF HEAD OF FINANCIAL SERVICES

A.3 TENDRING SPENDING REVIEW - DELIVERY PLAN

(Report prepared by Karen Neath)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present the Tendring Spending Review Delivery Plan for Members' approval.

EXECUTIVE SUMMARY

On 16th June Cabinet considered a report on the Financial Strategy Timetable 2011/12 and Austerity Plan. Cabinet resolved:

- (a) That the timetable for the Financial Strategy 2011/12 be noted.*
- (b) That the Head of Financial Services, in consultation with the Finance Portfolio Holder, makes the arrangements to undertake the 2010/11 budget review as the initial action within the Austerity Plan.*
- (c) That a team of Officers be established to commence work on consideration of longer term actions to be included in the Austerity Plan including setting out a range of options for reducing the Council's overall budget.*

In relation to this the following actions have since taken place:

- The Initial Financial Strategy including the Financial Forecast was considered by Cabinet on 4th August. On 20th October the Chancellor announced the outcomes of the Spending Review. The implications of this and the detailed figures for this authority expected late November / early December will inform the Revised Financial Strategy and Initial Budget Proposals to be considered by Cabinet on 15th December.
- Meetings between Heads of Services and Portfolio Holders have been held to review each service's budgets in detail.
- Heads of Service have considered, both collectively and individually in their service areas, medium and long term actions that could be undertaken to reduce the overall budget by the magnitude anticipated.

The proposed actions have been reviewed and those that it is considered should be commenced straightway are set out in the Tendring Spending Review Delivery Plan included at Appendix A which is now presented for Members' approval.

RECOMMENDATION(S)

- (a) That Cabinet agrees the Tendring Spending Review Delivery Plan as set out in Appendix A.**

- (b) That further reports are prepared as appropriate to enable specific actions to be implemented to deliver savings to the authority.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

In a period of austerity the Council must ensure that it is focussing scarce resources on delivering its priorities. Any actions or reviews to find savings must therefore be mindful of this as part of the determination as to where savings could be found.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

There are no financial implications from implementing the plan itself. However, it is imperative that savings can be delivered from actions or reviews undertaken to ensure that the Council remains financially stable over the coming years.

Risk

There is no inherent risk in implementing the plan itself. Clearly there is a risk that if the Council does not proactively plan for spending reductions that it will be forced into rash and ill thought through cuts in order to make the budget balance. The risks associated with each individual action and review must be considered as they are taken forward.

LEGAL

There are no legal implications in implementing the plan itself. The legal implications associated with each individual action and review must be considered as they are taken forward.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other implications in implementing the plan itself. Any other implications associated with each individual action and review must be considered as they are taken forward.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

On 16th June Cabinet considered a report on the Financial Strategy Timetable 2011/12 and Austerity Plan. The actions to be undertaken following consideration of that report were threefold:-

- To progress with the preparation of the Financial Forecast to assess the likely position that the Council would be facing;
- To undertake a detailed review of the 2010/11 budget to determine any areas for reduction and to ensure that budgets were robust;
- To consider longer term actions and options for reducing the budget.

Accordingly, Cabinet resolved:

(d) That the timetable for the Financial Strategy 2011/12 be noted.

(e) That the Head of Financial Services, in consultation with the Finance Portfolio Holder, makes the arrangements to undertake the 2010/11 budget review as the initial action within the Austerity Plan.

(f) That a team of Officers be established to commence work on consideration of longer term actions to be included in the Austerity Plan including setting out a range of options for reducing the Council's overall budget.

The Initial Financial Strategy including the Financial Forecast was considered by Cabinet on 4th August. At that time an assessment was made of the likely impact of a reduction in Government Formula Grant on the Council's financial position. The potential funding gap in 2011/12 ranged from **£1.035m** to **£1.745m**.

On 20th October the Chancellor announced the outcomes of the Spending Review. The implications of this and the detailed figures for this authority expected late November / early December will inform the Revised Financial Strategy and Initial Budget Proposals to be considered by Cabinet on 15th December.

Meetings between Heads of Service and Portfolio Holders have been held to review each service's budgets in detail. Significant budget reductions have been identified although areas of likely overspend have also been considered. The outcome of the review in relation to 2010/11 is reported elsewhere on the agenda in consideration of the Second Quarter Corporate Budget Monitoring position. The outcomes in relation to 2011/12 will be incorporated into the report on the Revised Financial Strategy and Initial Budget Proposals.

Heads of Service have considered, both collectively and individually in their service areas, medium and long term actions that could be undertaken to reduce the overall budget by the magnitude anticipated. The proposed actions have been reviewed and those that it is considered should be commenced straightway are set out in the Tending Spending Review Delivery Plan Appendix A.

CURRENT POSITION

The Council has been and remains alert to opportunities to operate more efficiently in its day to day business. Actions are already being taken and the Delivery Plan sets out further efficiencies to be delivered. Discussions have taken place with the Finance Portfolio Holder to prioritise these savings and enable them to be implemented as soon as possible. On a broader scale, the outcomes from the national Spending Review indicate that the assessed likely level of reductions for the Council is between £3m to £5m and this is consistent with the forecasts included in the financial strategy and against the background of which the Tending Spending Review Delivery Plan has been prepared. There is nothing in the figures released through the Spending Review to lead the Council to deviate from the current Financial Strategy approach. Against this background it is imperative that the Council has in place robust plans to identify and realise considerable budget reductions.

The culmination of the work undertaken by Heads of Service is the Tending Spending Review Delivery Plan which sets out a range of actions that it is considered should be commenced immediately. The actions are set within a strategic framework as it is considered that, although the primary purpose is to identify savings, there should be an understanding of how the actions can also assist in driving the authority forward. At this

point agreement of the plan would instigate a number of reviews that would be reported back to the relevant decision maker when completed. The lead Cabinet Member for the Tending Spending Review will be the Finance Portfolio Holder. However, Heads of Service will be expected to discuss the individual items with their Portfolio Holder as appropriate.

It is difficult in many cases to quantify the amount of savings that the actions in the plan could generate until the relevant reviews have been undertaken. Where possible indicative figures have been given but the particular actions have been largely selected on the anticipation that the eventual overall savings will be much larger than that currently indicated. This will be vital if the Council is to remain financial stable over the coming years and, to this end, the plan will be kept under review to ensure that resources are being deployed on those actions and reviews that have most potential to deliver savings. It is very likely that further 'strands' of the Tending Spending Review will have to be considered once the financial position is clearer and the feedback from the initial reviews begins to feed through.

BACKGROUND PAPERS FOR THE DECISION

There are none.

APPENDICES

APPENDIX A

Tending Spending Review Delivery Plan