

URGENT BUSINESS AND SUPPLEMENTARY INFORMATION

Executive

1 November 2010

Agenda Item Number	Page	Title	Officer Responsible	Reason Not Included with Original Agenda
12.	(Pages 1 - 28)	<p>Early response to the Comprehensive Spending Review and potential implications for the 2011/12 budget and the medium-term</p> <p>The report is public</p> <p>Please note, Appendix 4 to this report is exempt from publication by virtue of paragraph 4 of Schedule 12A of the Local Government Act 1972</p>	Head of Finance	Information not available at the time of agenda dispatch as the Comprehensive Spending Review was announced on 20 October 2010.

If you need any further information about the meeting please contact James Doble, Legal and Democratic Services james.doble@cherwell-dc.gov.uk (01295) 221587

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Executive

Early Response to the Comprehensive Spending Review and Potential Implications for the 2011/12 Budget and the Medium Term

1 November 2010

Report of Chief Executive and Head of Finance

PURPOSE OF REPORT

To highlight the key announcements in the 2010 Comprehensive Spending Review, the potential implications for the Council in the short to medium term and the nature of the cost reductions which the Council must now consider in advance of finalising these once we have further information on our future grant from central government, expected in late November/early December.

This report is public

Appendix 4 to this report is exempt from publication by virtue of paragraph 4 of Schedule 12A of the Local Government Act 1972

Recommendations

The Executive is recommended:

- (1) To note the outcome of the 2010 Comprehensive Spending Review for local government and the very tough target of an overall 26% cut in government grant over the next four years.
- (2) To note that this outcome is very much in line with our own 'realistic' planning scenario of 30% real term cuts, although we will not know our actual position until late November/early December.
- (3) To support all the proposed actions which are now underway to generate income and realise cumulative savings of £11.9m (listed in 3.13) for inclusion in 2011/12 budget.
- (4) To note the informal view of the Resources Scrutiny Working Group in relation to the fees and charges review. A number of these options are expected to be confirmed at the next formal meeting of the Resources and Performance Board (Appendix 2).
- (5) To note all the options for further savings which are under consideration in 3.22 so that when we receive a clearer indication of our actual government grant for 2011/12 and possibly beyond we are able to bring fully worked up savings for consideration at the 6 December Executive meeting.

Executive Summary

- 1.1 The Chancellor announced the outcome of the 2010 Comprehensive Spending Review (CSR) on 20 October. The CRS sets out the Government's public expenditure plans for the next four years (2011/14).
- 1.2 Local government appears to be one of the real losers within the settlement with cuts of 26% over the next four years. What is more, it looks as if these cuts are going to be 'frontloaded' with a third of the cut made in 2011/12 and more than half of the total cut made by 2012/13.
- 1.3 In the run-up to CSR, we have been assuming a 30% real cut to our government grant along with assumptions for inflation, concessionary fares and payroll costs. This modelling equated to budget reductions of between £11.3m and of £16.8m over four years. We are now assuming the required cut to be between £13.8m and £16.8m, but will not know the actual amount until draft settlements are issued in late November/early December.
- 1.4 Continuing uncertainty about the financial impact of the transfer of the administration of the free bus pass scheme to upper tier authorities is an important influence on the range of the potential cut we face. The Government's consultation on a host of possible outcomes has recently closed. We will not know our actual position until late November/early December when we will receive our provisional settlement. This will give more clarity on phasing of the cuts and the impact of the concessionary fare transfer.
- 1.5 This paper details a range of actions to generate income and cut costs which realise cumulative savings over the 4 years of £11.9m which we intend to include in the 2011/12 budget. Many of these are underway already; others are being worked up for final approval in December. They already take into account the informal views of the Resources Scrutiny Working Group.
- 1.6 We are also preparing options for making savings of a further £4.9m if we need to. These will require some significant cuts to services and will be pursued only if required in the light of our actual settlement from government.
- 1.7 It is assumed in CSR that the impact of a 26% cut in government grant will be offset somewhat by rising council tax, leaving a net budget impact of 14% (an average rise in council tax of ~2.5% per annum). This authority has for some years now kept council tax increase to at or below inflation and all our modelling continues to assume this. Greater increases would lessen the need for service cuts (although would not remove them). Members will need to consider their approach to council tax increases again at the December meeting in advance of any further decisions about service cuts.

HEADLINE MESSAGES FROM THE COMPREHENSIVE SPENDING REVIEW

- 2.1 The Chancellor announced the outcome of the 2010 Comprehensive Spending Review (CSR) on 20 October. The CSR sets out the Government's public expenditure plans for the next four years (2011/14).
- 2.2 Of the £81 billion of savings required by 2014-5, over £30 billion were

announced in detail at the June Budget, including:

- £11 billion of welfare reform savings
- £3.3 billion from a two year freeze in public sector pay starting in 2011/12
- £6 billion of efficiency savings in 2010-11 and
- £10 billion from lower debt interest payments compared to the cost had there been no consolidation.

2.3 The Spending Review sets out the remaining spending reductions required to deliver the government's consolidation plans.

2.4 The Spending Review announces further savings and reforms in welfare, environmental levies and public service pensions, as well as departmental spending plans for the four years until 2014-15.

2.5 The relative winners, with real increases are:

- International Development
- Health
- Education.

2.6 The relative losers, with real cuts well above the average are:

- Local Government
- Housing
- Environment
- Treasury.

2.7 The Government's commitment to protect spending on health, education and overseas aid will see the other departments on average incur real budget cuts of around 19 per cent over the Spending Review period.

2.8 Local government appears to be one of the real losers within the settlement with cuts of 26% over the next four years with a net budget impact of 14% after Council Tax.

2.9 The remainder of this report concentrates on the implications for local government funding generally and for this Council in particular.

Revenue

2.10 The spending review sets out real terms reductions of 26% in local authority budgets over the next four years. This compares with overall cuts of 8.3% across all departmental budgets.

2.11 Local authority core funding from DCLG falls from £28.5bn in 2010-1 to £22.9bn in 2014-5.

2.12 The fall in grant is more than 7% a year in real terms, and significantly front-loaded.

2.13 The amount of budget allocated to formula grant out of the total budget of £28.5bn across the 4 years is shown as:

Formula Grant	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Amount £bn	28	25	23.4	23.2	21.9	
Reduction £bn		3	1.6	0.2	1.3	6.1
% decrease		10.71%	6.40%	0.85%	5.60%	22%

2.14 We are going to have to wait until the Provisional Settlement in late November to see the implications for the authority. In working out the budgetary impact on our authority we need to take account of:

- Specific Grant Transfers. Will the distribution of specific grants be the same as it currently is, or will specific grants be incorporated into the relative need formulae?
- Formula Grant Floor.
- Average change in Formula Grant. Will the assumed reductions be evenly distributed between classes? Or will district councils have a greater average reduction?

2.15 On this basis the reduction in formula grant in Year 1 could be between 11%-15%.

2.16 Grants totalling £7bn have been freed up or unringfenced from 2011-12. The number of ringfenced grants will reduce from 90 to 10. Specific grants that will remain outside Formula Grant will be: (bold – indicates relevance to Cherwell District Council)

- Early Intervention Grant (new grant?)
- Public Health Grant (new grant from 2013-14)
- Learning Disabilities
- PFI Grant
- Dedicated Schools Grant
- **New Homes Bonus (new grant)**
- **Council Tax Freeze Grant (new grant)**
- **Housing Benefit and Council Tax Benefit Administration Grant**
- **Preventing Homelessness.**

Capital

2.17 Total capital spending falls in real terms by 29% from £51.6bn in 2010-11 to £40.2bn in 2014-15.

2.18 Capital funding to councils is expected to fall by 45%, though after taking account of spending financed by councils' own budgets, the fall is expected to be 30%.

2.19 CLG Communities budget falls 74% from £6.8bn to £2.0bn but includes funding for 150,000 new affordable homes. The Government hopes that its New Homes Bonus, which aims to incentivise house-building by match funding the Council Tax on every new home for each of the following six years, will prevent a housing shortage and encourage the building of 150,000 affordable homes over the spending review period.

Housing and Benefit Reform

2.20 Cuts to the 'communities' part of CLG, including halving the housing budget.

The Review pledges to make social housing “more responsive, flexible and fair so that more people can access social housing that better reflects their needs”, and will involve major changes to the way we work and deliver services. Key points include cuts to new affordable housing grants programme, welfare reform, but the protection of Disabled Facilities Grants and Homelessness Prevention Grants and the introduction of new “affordable rents”.

- 2.21 Council house rents for new tenants will increase to up to 80% of the market rate – double what is currently charged – with the extra money going towards building new affordable homes. These changes will probably result in housing waiting lists growing further, as well as a huge scaling back of urban regeneration and social cohesion initiatives.
- 2.22 Changes have also been clearly highlighted around the future roles of the Homes and Communities Agency, the Tenant Services Authority, the Audit Commission, the private sector, support services for vulnerable groups, local government and housing benefit.
- 2.23 For Housing Services this spending review has significant and long lasting implications. It not only sets out key decisions about capital and revenue funding which will shape our work for many years to come but it will also provides the basis for this Government to set out how it wants to approach future housing policy.
- 2.24 The new Universal Credit will include all out of work benefits (including Housing Benefit). The plan is for the new benefit to be available from 2013 for some new customers. Existing customers will be transferred across in stages and this is expected to be completed by April 2017.
- 2.25 Council Tax Benefit will not be included in Universal Credit and will be abolished. It will be replaced by April 2013 with a new and cheaper “rebate scheme”. This will be at the discretion of the local authority albeit with some limitations. Local authorities will be able to set up their own scheme to best meet local needs. The details of this are currently unclear; it could be that a rebate is restricted to a particular banding or that those with capital over certain limits are excluded. It could be paid for part but not all of the year to some groups.
- 2.26 There will be an overall cap on benefits paid to a family starting in 2013. The figure of £500 per week has been suggested although this will be subject to much discussion and it is not clear how much income will be disregarded for instance. Local Authorities will have a key part to play in imposing the cap.
- 2.27 Some subsidy grants (and in particular the amount paid to local authorities for administering the scheme) are likely to be substantially reduced by around 7% per annum. Local authority involvement in the welfare state is anticipated to start to diminish in around 2015 with the Housing Benefit scheme being finally abolished at the end of March 2017.
- 2.28 To help reduce costs, local authorities will be encouraged to merge services to create much larger Councils (in London for instance, Hammersmith and Fulham, Kensington and Chelsea, and Westminster have already announced such plans).

- 2.29 Whilst this report does not go into any detail on the specific areas of Housing and Benefits it will be the subject of further briefing papers for Members.

Other

- 2.30 The DCLG will allocate up to £200m of capital in 2011-12 only to allow councils to restructure their services - for example by capitalising redundancy costs.
- 2.31 The arrangements for the council tax freeze grant have been usefully clarified: £700m has been set aside to allow councils to set a zero council tax increase for 2011-12, and for councils taking up this offer, the funding will be built into grants for the next four years.
- 2.32 Local government is different from other parts of the public sector in that it has access to its own source of direct taxation, namely council tax. Obviously, central Government cuts only apply to grant funding and not to council tax income. Therefore, cuts of grant funding to local government of 26% translate in to a cut of "only" 14% of overall local government resources including council tax.
- 2.33 This authority has for some years now kept Council Tax increase to at or below inflation and all our modelling continues to assume this. Greater increases would lessen the need for service cuts (although would not remove them). Members will need to consider their approach to Council Tax increases again at the December meeting in advance of any further decisions about service cuts.
- 2.34 In addition to the general formula grant, the Council receives some specific grants e.g. administration grants for benefits and business rates, grant to encourage recycling. It is likely that these grants will also be squeezed putting further pressure on the Council's budget.
- 2.35 A key issue remains for CDC on the transfer of the concessionary travel scheme to County whereby we hold a pressure of between £0.3m and £1.3m.
- 2.36 The CSR responds to the interim recommendations of John Hutton's Independent Public Service Pensions Commission. In essence, the Government maintains a commitment to defined benefit pensions but wants employees to make a greater contribution. The Government is obviously keen to make substantial savings on the cost of public sector pensions. The CSR is aiming for savings of £1.8bn by 2014-15, which is equivalent to an average three percentage point increase in employee contributions. More detail will follow in the Hutton Report.

COMPARISON WITH SCENARIO PLANNING UP TO NOW

- 3.1 We have been planning in recent months towards our so-called 'realistic' scenario and have assumed that we will need to find savings totalling £15.8m over the next four years, assuming we do nothing between now and the end of 2014/15.

- 3.2 This scenario has assumed a £6m cut to our government grant, representing a 19.5% cut to the total government cash we had expected to receive over the next four years and therefore a real cut of 30%. We have been assuming that this cut will be spread evenly (6.5% each year) across the first three years.
- 3.3 We now know that the DCLG's budget will be cut by 26% over four years but front loaded. So it looks as if our assumptions have been broadly in line but we will need to consider the impact of phasing in more detail in the December budget report.
- 3.4 In arriving at our estimated £15.8m cut, we have also had to make assumptions about the transfer of the administration of the national free bus pass scheme to Oxfordshire County Council on 1 April 2011. Up to now we have assumed that we will lose £800K in 2011/12, totalling a loss of £3.2m over the four years. The Government's most recent consultation paper which Members discussed at their October meeting suggests that this Council could face a cut of between £0.3m (£1.2m total – best case), £0.8m (£3.2m – realistic case) and £1.3m (£5.2m total – worst case). As expected, CSR 2010 has not given us any further information and we will almost certainly have to wait until late November/early December for any further clarification.
- 3.5 The balance of our estimated £15.8m cut comprises a further £6.6m required savings that we have been aware of for a while and certainly since the Chancellor's Budget in June. The three-year pay deal we have with staff (0% 2010/11, 1.8% 2011/12 and 1.9% 2012/13), increases to the contributions we make as employer to staff pensions, inflation and our decision last year to remove our dependence on investment income for running day-today services all contribute to this £6.6m.
- 3.6 In his June Budget, the Chancellor announced a two-year pay freeze for all public sector workers for this year and 2011/12. CSR 2010 has confirmed that this is still the intention.
- 3.7 The proposal to fund a freeze in council tax in 2011-12 is confirmed in the CSR. The Government will provide funding for an increase in council tax equivalent to 2.5%. The actual terms of the funding are not entirely clear, although the CSR tells us that funding will be via a specific grant and will be in place for the CSR period (i.e. to 2014-15). (The letter from the Secretary of State to Council Leaders on 20 October confirms that the Council Tax Freeze Grant will be one of the grants outside the Formula Grant.)
- 3.8 For the purposes of our planning we have assumed an increase of 2.5% in 2011/12 and a rise of 0.5% below CPI projections for the periods 2012/13 to 2014/15.
- 3.9 In summary the initial assessment of the overall implication for the Council's previously expected Government grant/overall financial position is likely to be as assumed in our 'realistic' scenario.
- 3.10 As a result we will work on the likelihood of needing to make savings of between £13.8m (incorporating best case concessionary fares) and £16.8m (incorporating realistic case concessionary fares) over the next four years, taking into account the still significant uncertainty about the impact of the transfer of the administration of the bus pass scheme.

PLANNED APPROACH – TAKE ACTION EARLY TO LIMIT OVERALL IMPACT

3.11 £13.8m to £16.8m represents the total financial shortfall we would incur in four years if we do nothing to reduce our costs. But the earlier savings are made, the greater the contribution they make to the overall target. For example, if £2m is saved in 2011/12 this adds up to £8m over the 4 years, becoming an £8m contribution to the total. The quicker the start we make to delivering savings the fewer actual cuts we have to make. By moving at the right pace we could deliver £13.8m to £16.8m savings by making savings/increasing income to the value of £6m.

OPTIONS FOR SECURING SAVINGS

3.12 Now we understand more clearly the likely extent of the financial shortfall we face we can begin the process of agreeing how we achieve the spending cuts we need to make. The rest of this paper presents these by category. By taking these/a selection of these actions – many of them in 2011/12 – we will be able to meet our financial shortfall by cutting our spending by circa £6m.

Actions we are taking now to reduce financial shortfall, delivering £11.9m savings over 4 years and which will have a limited impact on front-line services

3.13 These actions total £11.9m savings of the £13.8 to £16.8m probably required and have a limited impact on front line services.

	Contribution to four year deficit £m	Implement
Public promise	3.2	1st April 2011
Further efficiencies	4.6	Majority 1st April 2011 then staggered
2011/12 Pay Freeze	0.7	1st April 2011
New incomes from Bicester Town Centre and Bodicote House	1.1	Staggered from 2012/13 onwards
Management shared with South Northamptonshire Council	2.3	Staggered from June 2011
Potential Value – subject to phasing	11.9	71% of £16.8m

Our 2010/11 ‘public promise’ to cut costs by £800K by 2011/12

3.14 We have already cut our running costs by £5m (21%) from £23.5m in 2007/08 to a 2010/11 budget of £18.5m, with only minor service cuts. What is more, overall performance and the performance of most services have improved over this time, as has customer satisfaction which is now at 73% (compared to 60% 4 years ago). Our 2010/11 ‘public promise’ is an extension of this approach and we are on track to deliver our target (with £622K, 65%, achieved by end month).

Further efficiencies of £1338K over the next two years

3.15 We believe that we can reduce our costs by a further £1338K over the next 2

years from further efficiencies, with little to no impact on our services. The Corporate Management Team has already put in train the actions required to deliver these savings and these are detailed in Appendix 1.

Implementing the public sector pay freeze in 2011/12

- 3.16 Our staff had no pay rise this year, but we have a contractual agreement to pay a 1.8% rise in 2011/12. But the 2-year pay freeze for public sector workers means that we will pay 0% again to most members of staff next year, but pay a flat £250 increase to the 216 members of staff who earn less than £21,000 in line with the Government's requirements.

Securing additional income from a range of actions including increasing parking charges, altering and abolishing concessions for some services, letting parts of Bodicote House and income from our investment in Bicester town centre

- 3.17 We have just awarded the tender for the refurbishment of Old Bodicote House. Once this work is complete we will be able to accommodate a significant number of staff members there and generate income from letting parts of Bodicote House.
- 3.18 During this four year period we will also see income start to flow from our investment in Bicester Town Centre. The income will come from the letting of the cinema and other retail units in block A of the development. Only the cinema letting is committed at present, and as yet it is not certain when any of the units will be completed. However a realistic prediction of future income of £600k per annum is assumed on the basis of full occupancy by 2014/15 for the purposes of financial planning.

Sharing a senior management team with South Northamptonshire Council

- 3.19 This has the potential to make a major contribution to our savings target. The draft of the business case presented to the 11 October meeting of the Executive confirms that we can save more than £686,000 a year by doing this, even if our shared arrangements were to go no further than a shared Chief Executive, Directors, Heads of Service and three other corporate posts.
- 3.20 The very latest thinking on timing suggests that we would save approximately £2.3m (excluding implementation costs) over 4 years by taking this step. Conversely we will have to find this £2.3m from elsewhere if we are unable to agree these arrangements with South Northamptonshire Council.
- 3.21 The final decision will be taken by both Councils on 8 December. If the decision is to share management teams then this will lead to a potential for further savings beyond the senior team in future years.

Actions we are considering and doing the preparatory work for, pending final decisions in December and January once we know our final Government grant, and which will have a substantial impact on some services.

- 3.22 These actions total £4.9m and will impact on front line services and incur job losses.

	Contribution to four year deficit £m	Implement
Informal Scrutiny Recommendations : Income Increases & Training Review	2.2	1st April 2011 or earlier
Review of Grants (26% cut)	0.6	Staggered from 2011/12 onwards
Suspend Incremental Salary Rises until end of 2014/15	0.7	From Oct 2012
Cuts to discretionary services/statutory services	Minimum of 1.4	Stagger from 2012/13 onwards
Potential Value – subject to phasing	4.9	

3.23 We need to be ready to find the expected balance of up to £4.9m and any implementation costs but we do not want to take any action in haste that, in light of our final Government grant and particularly in light of the final decision on the transfer of funding related to the free bus pass scheme, we might not have to take or at least might be able to delay.

3.24 To this end we have begun to work up a number of options for possible increases in income or cuts to costs. Members are asked to approve these in principle to allow them to be worked up further and to indicate the preferred order for putting these options into practice, depending on what the final shortfall turns out to be.

3.25 In working up these options we have reflected the latest information available on the priorities and views of our residents, gathered this summer via our annual satisfaction survey and focus groups. The heightened public awareness of the national deficit and of the Government's priority to cut it has meant that it has been possible to test choices with the public.

3.26 The key messages from our residents have been:

- Prioritise spending on core services in the following order: environmental services; planning; affordable housing and housing services; economic development; local transport services; voluntary sector support
- Worry less about the 'lower priorities': street scene and landscape; health and recreation (but important to get greatest usage for new leisure centres); tourism; museum; health improvement; arts
- Councils should not be spending in areas that are the responsibility of others, specifically the police and the NHS.

Review of Fees and Charges

3.27 The last full review of these charges was in 2009/10 and we need to review again now in relation to the 2.5% VAT increase from Jan 4th 2011. Our fees and charges have been subject to review by Scrutiny on 12th October 2010.

3.28 The primary areas under review are associated with car parking income, charging for bulky collections, charging for planning pre-application enquiries, increasing court costs and passing on the charge connected with making credit card payments.

- 3.29 Appendix 2a details the informal recommendations from the Resources and Performance Scrutiny Board.
- 3.30 Scrutiny have also reviewed expenditure on staff and members' training budgets and their informal recommendations in Appendix 2b suggest a reduction of circa £72k per annum.

Actions to reduce the grants we make to organisations in line with the cut imposed on our government grant – 26% now assumed

- 3.31 On the basis of the 26% cut in Government grant we will undertake an analysis of how the overall costs of grants can be reduced by the same %. This would result in a reduction of £216,000 in grants to external / partner organisations. The grants currently provided are listed in Appendix 3.

Further action to reduce the Council's pay bill

- 3.32 Under job evaluation scheme implemented in April 2010 we have moved from a spot scheme to an incremental scheme. We have frozen incremental increases to staff salaries until the end of pay protection in September 2012. The incremental rises beyond 2012 are subject to further discussions with the Trade Union.

A series of actions to reduce specific services and, in most cases, lose jobs from the Council

- 3.33 We are considering which service areas would be cut, should the higher cuts we are projecting be what we have to deliver.
- 3.34 We are looking at options in both our statutory services (which legislation requires us to deliver) and those services which we choose locally to deliver.
- 3.35 In order to protect a number of locally-determined services which we believe are crucial, we are seeking to reduce the overall cost of our statutory services by 5%, although it's important to note that the costs of most of these have already been cut in the last four years. We are still working on this. In the meantime we have identified a number of service (and job) cuts which could if absolutely necessary be made to some of our discretionary services (listed in Appendix 4).

Staff suggestions to reduce the impact on front line services

- 3.36 Staff have been asked for savings ideas which has produced an excellent response with over 200 suggestions made. Following an initial assessment of these, it is clear that the majority should be pursued as they can contribute positively to the Council's response to its future funding challenges. Further detailed consideration is underway as part of existing programmes of work, some are already in hand or underway, others should be progressed as part of business as usual and many are being considered on their own merits. Only 33 are considered inappropriate to progress for a variety of reasons.
- 3.37 It is believed that collectively, these will yield further internal efficiencies which have yet to be quantified and included in the Council's MTFS and budget planning.

Conclusion

- 4.1 At this stage we believe our MTFs planning is broadly in line with the tough CSR announcement and budget reductions.
- 4.2 There is much speculation about the impact of the CSR on the housing sector. It is difficult to predict the potential impact on Cherwell's levels of homelessness and the need for temporary accommodation resulting from the proposed welfare reforms. Work has begun by Housing Services to get a better understanding of the impact of benefit changes and also the effects of any reduction in "forbearance" by mortgage lenders on those with mortgage arrears. Whilst this report does not go into any detail on these specific areas it will be the subject of further briefing papers for Members.
- 4.3 Most of the detail from the CSR will not become apparent until the local government finance settlement is announced in late November / early December. This will give more clarity on phasing of the cuts and the impact of the concessionary fare transfer.
- 4.4 The actions highlighted in section 3.13 will enable the Council to prepare a first draft of the 2010/11 budget. This will be presented to the Executive in early December and this report will include the latest position on the grant settlement and the impact on the medium term financial forecast.

Key Issues for Consideration/Reasons for Decision and Options

- 5.1 There are substantial budgetary implications as a result of this report.
- 5.2 The following options have been identified. The approach in the recommendations is believed to be the best way forward.

Option One	To agree the recommendations as set out in the report
Option Two	To amend the recommendations
Option Three	Not to agree the recommendations

Implications

Financial:	There are no direct financial effects on the Council from this report as the full effect of the Comprehensive Spending Review on the Council's finances will not become apparent until the finance settlement is announced in late November / early December. Indications from the CSR are that the cuts will be front loaded and we could expect a cut in year 1 of between 11-15%. We have already carried out a lot of work on our budgets and financial planning in response to earlier Government announcements as well as anticipating this review and we had estimated that current pressures, without any action, would be a funding gap over the four
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years of between £13.2m and £16.8m. This is roughly in line with the government's announcement today and departments have been drawing up action plans to address what we had anticipated in the review. A draft budget for 2011/12 will be presented in early December along with an updated medium term forecast. Comments checked by Karen Muir, Corporate Accountant, 01295 221559

Legal:

There are no direct legal implications from this report however the Council has a statutory duty to deliver a balanced budget and therefore any reductions in funding must be met with reductions in expenditure. The detail in the Localism Bill due out in November may help us identify areas for further savings.

Comments checked by Liz Howlett, Head of Legal and Democratic Services/Monitoring Officer 01295 221686

Risk Management:

If due consideration is not given to matching scarce financial resources carefully against properly assessed service priorities, the Council may fail in achieving its strategic priorities and in its duty to demonstrate value for money.

Comments checked by Karen Muir, Corporate Accountant, 01295 221559

Wards Affected

All

Corporate Plan Themes

All

Executive Portfolio

Cllr James Macnamara, Portfolio Holder for Resources & Communication

Document Information

Appendix No	Title
Appendix 1	Efficiencies
Appendix 2	Fees and Charges Proposals of the Informal RPSWG
Appendix 3	Grants
Appendix 4	Statutory/Discretionary Review (CONFIDENTIAL)
Background Papers	
CSR 2010/11 – HM TREASURY BRIEFING NOTE MTFS Forecast May 2010 and MTFS Realistic Scenario Budget Book 2010/11 Ministerial Letters	
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Building Blocks - Further Efficiencies

APPENDIX 1

Block Ref	Service	Description	Brief Description	Type	Priority	Service Impact	Costs to achieve	Building Block Annual Total
1	ICT & Customer Services	VFM Programme	Scalable structure, selective external hosting, alternative procurement etc	Mode of Service delivery	Support	No	Yes	200
2	ICT & Customer Services	Colour printing	Substantial reduction to internal colour printing	Discretionary	Support	No	No	35
3	ICT & Customer Services	Parish Websites	Alternative parishes website hosting	Discretionary	3	No	No	6
6	ICT & Customer Services	Cash Handling	Install 4 Autotellers. Requires £100k capital	Mode of Service delivery	Support	No	Yes	65
8	Environmental Services	Recycling Income	Improved recycling performance through increased targeting resulting in increased credit payments through OWP	Performance	1	No	No	119
9	Environmental Services	Gate Fees	Negotiated reduction in gate fees	Stat / Disc Service Review	1	No	No	115
10	Environmental Services	Glass Collection	Lower net cost in-house collection service requires capital of £130k.	Stat / Disc Service Review	1	No	No	78
11	Environmental Services	Bring Banks	Various operational efficiencies	Stat / Disc Service Review	1	No	No	20
13	Environmental Services	Bins	Reduced replacement bin costs by more repairs etc	Stat / Disc Service Review	1	No	No	20
14	Environmental Services	Street Cleansing	Reduce staff levels through non-use of seasonal staff and not filling a vacancy created through natural turnover of staff.	Stat / Disc Service Review	4	No	No	53
16	Environmental Services	Vehicle Maintenance	Increased income on MOT's	Discretionary	7	No	No	5
17	Environmental Services	Vehicle Maintenance	Improved cost base	Discretionary	7	No	No	8
18	Recreation and Health	Staffing	Implemented reduced hours for 3 posts	Stat / Disc Service Review	7	No	No	26
22	Corporate	Discretionary Expenditure	Reduce discretionary budgets - consultancy, equipment, stationary etc by 10%	Discretionary	NC	No	No	75
24	Recreation and Health	Leisure Development	No Projects Officer resulting in fewer projects, limited S106 activity and no support to parishes and other voluntary sector bodies	Stat / Disc Service Review	3	Yes	Yes	30
33	Community Safety, Urban and Rural	Street Wardens	Review budgets and target reduction of £16k	Stat / Disc Service Review	5	Yes	No	16
34	Community Safety, Urban and Rural	Car Parks	Reduced frequency of cash collections from machines	Discretionary	4	No	No	7
35	Community Safety, Urban and Rural	Subscriptions	Cancel specified subscriptions within Service	Discretionary	Support	No	No	4
36	Community Safety, Urban and Rural	Christmas Lights	Negotiate shared costs of Christmas Lights with Urban Centres	Discretionary	4	No	No	36
37	Community Safety, Urban and Rural	Nightsafe	Reduce officer time to 50%	Stat / Disc Service Review	5	Yes	No	13
38	Human Resources - Training	Training	Sell externally	Discretionary	Support	No	No	25
39	Corporate	Admin Review II	Total Admin in PHE, EAC and Corporate equates to £1m - reduce by 10%	Discretionary	Support	Yes	Yes	100
40	ICT & Customer Services	Customer Service	Review quality standards and service requirements - target £50K reduction	Discretionary	Support	Yes	No	50
41	Finance	VFM Programme	VFM Implementation over 2 years - reduce 1 posts	Stat / Disc Service Review	Support	No	No	50
42	Corporate	Contract Management	Review the contract management resource throughout the Council and centralise within one team with Procurement - reduce by 2 posts	Discretionary	Support	No	No	43
43	Finance	Reduce non specific inflation	Review all contracts and inflation clauses - target removal or link to CPI	Discretionary	Support	No	No	20
100	Estates and Regeneration	Facility Management	Centralisation of all and general reduction in service maintenance budgets - budget clarification required as costs covered in devolved budgets	Stat / Disc Service Review	NC	No	Yes	25
102	ICT & Customer Services	Visiting Officers - Benefits	Not a statutory obligation - reduce by 1 technical specialist	Discretionary	NC	Yes	No	26
106	Finance	Benefits Advertising	Not a statutory function to promote the take up of benefits - was an audit commission indicator	Discretionary	Support	No	No	5
108	Corporate	Performance Regime	Consider the performance regime of the Council on the back of the demise of CAA - target reductions in performance team and admin as a result of reviewing what is measured and what is no longer necessary - assume 1 post deleted	Stat / Disc Service Review	NC	No	Yes	29
112	Legal	Internal Audit	Review specification and consider reduction in light of CAA demise and stat/disc reviews - assume 20 day reduction in new contract negotiation in 12/13	Discretionary	Support	No	No	9
113	Corporate & Democratic Core	External Audit Fee	Reduction in light of Comprehensive Area Assessment (CAA) demise - assume 50% of that element	Discretionary	Support	No	No	25
								1,338

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Informal Recommendations	Reasons	Projected additional income/savings 2011/12
Environmental Services		
1. That within Environmental Services the Executive should:		
i. Amend the pricing for bulky waste collections as follows: <ul style="list-style-type: none"> • £9 for up to three recyclable items • £18 for up to three non-recyclable items 	Promotes reduce, re-use, recycle principles and supports the Cleaner, Greener corporate priority.	£30k
ii. Remove concessions for bulky waste collections.	Online ordering of bulky waste will reduce the number of calls to the customer service centre	see 1 – i
iii. Reduce the charge for a blue bin to £18.	Increase blue bin use and so increase recycling rates. Supports the Cleaner, Greener corporate priority.	
iv. Introduce a charge of £5 for a third and any subsequent blue boxes.	Reduces the amount spent on boxes and increase blue bin use and so increase recycling rates. Supports the Cleaner, Greener corporate priority.	
v. Increase the charge for 25 trade waste sacks to £39.50 (plus VAT).	Linked to the reduced price of dry recycling trade sacks. Encourages businesses to recycle waste rather than send it to landfill and supports the Cleaner, Greener corporate priority.	
vi. Reduce the charge for 25 dry recycling trade sacks to £29.50 (plus	Linked to the increased price of trade waste sacks. Encourages businesses to recycle waste rather than send it to landfill and supports the Cleaner, Greener	

VAT).	corporate priority.	
<p>vii. Introduce a 12 month trade contract for small business with three categories:</p> <ul style="list-style-type: none"> • Standard Recycler - £7 per month (1 roll waste sacks and 1 roll recycling sacks) • Good Recycler - £9.50 per month (1 roll waste sacks and 2 rolls of recycling sacks) • Excellent Recycler - £11.50 per month (1 roll waste sacks and 3 rolls of recycling sacks). 	Will help small businesses and encourage greater use of the trade recycling service. Supports the Cleaner, Greener corporate priority.	
viii. Include a taxi test in the price of the MOT for taxis	By amending the price, the facility should be more attractive to taxi owners and this should make the MOT bay at Thorpe Lane depot more competitive and bring in additional income.	
Safer Communities, Urban and Rural Services		
2. That within Safer Communities, Urban and Rural Services the Executive should:		
i. Introduce charging for all Blue Badge parking in line with standard hourly rates	Brings Council operated car parks in line with private car parks in the district and many other Local Authorities.	£24k
ii. Agree that Blue Badge holders be permitted one additional hour free of charge at all short/ultra short stay car	Permitting an additional hour parking free of charge acknowledges the mobility problems of many Blue Badge holders.	see 2 - i

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parks		
iii. Increase the car park tariffs by 10p per hour (Banbury £0.70 to £0.80/hr, Bicester £0.60 - £0.70/hr)	The 2009 fees and charges review recommended that car park tariffs be reviewed and increase biannually. The increase takes account of the rise in VAT from 17.5% to 20% from January 2011.	£167k - £356k
iv. Increase the Excess Charge Notice (ECN) fees by £10 for each contravention	The current charges were set in 2009 on the basis the Council would move to Civil Parking Enforcement. This has not happened and is unlikely to be implemented for at least 18 months. CDC can set 'fine' levels as it sees fit. This maintains the fees in line with expected Civil Parking Enforcement charges.	c. £30k based on current performance
v. Introduce a 'premium' charge for failure to pay within the specified time scale in line with the Civil Parking Enforcement (CPE) regime but set at £100	Moves Excess Charge Notice charge for failure to pay within specified timescale in line with Civil Parking Enforcement	see 2 - iv
vi. Retain the pricing structure for season tickets in line with increases in pay and display charges	Season ticket prices will still be significantly below private competitor rates and offer generous discounts on daily tariff.	
vii. Consider offering a greater discount for the purchase of season tickets	This may encourage greater take up of season tickets.	
viii. Bring the charging period for Sundays and Bank Holidays in line with the rest of the week and introduce hourly charging on the same basis	Unifies car park tariffs	
ix. Agree that the implementation date for the above recommendations i – vii		detailed in recommendations

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be 1 February 2011		2 - i - viii
x. Not introduce evening car parking charges	This would not generate significant income and would be difficult to enforce.	Nil impact
xi. Not extend the chargeable period from 08.00 to 07.00	This would not generate significant income.	Nil impact
xii. Not introduce charges on Good Friday, Easter Sunday, Christmas Day, Boxing Day and Easter Sunday.	This would not generate significant income and would be difficult to enforce.	Nil impact
xiii. No increase be made to Licensing fees	Licensing fees are already being recovered and statute does not allow the grant of licences to be a revenue raising measure	Nil impact
xiv. Increase the fee for Public Path Orders to £1200 with immediate effect.	The fee has not been reviewed for several years. Current CDC cost is £400 which does not cover the time invested. The proposed fee is in line with other Councils.	£800 per application
Finance		
3. That within Finance the Executive should:		
i. Recharge to customers the fees incurred by Cherwell District Council for processing credit card payments.	Passes on costs incurred by CDC. Brings CDC in line with many other Local Authorities.	£30k p/a
ii. Increase court fees as detailed below subject to approval by the Magistrates Court: <ul style="list-style-type: none"> • Council Tax issue of summons: 	Brings CDC in line with the average charged by other Local Authorities in the county.	£108k

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<p>£55</p> <ul style="list-style-type: none">• Council Tax liability order: £40• National Non-Domestic Rates (NNDR) issue of summons: £70• National Non-Domestic Rates (NNDR): £48		
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Recommendations	Reasons	Projected additional income 2011/12
Staff Training		
2. That within staff training the Executive should:		
i. Reduce the budget allocation for staff attending conferences by 50%.	The current budget allocation for staff attending external conferences and seminars is extremely high in comparison to the other categories.	c. £60k
ii. Give the Learning and Development Manager authority to approve or refuse requests from staff to attend external training, with a right of appeal to the Chief Executive (through CMT).	The approvals system for officers attending conferences and seminars should be tightened. The Council could consider developing a robust policy that would govern criteria for attendance on external courses and that this would contribute to the reduction of unnecessary expenditure.	Linked to 1 - i
iii. Agree that conferences and seminars needed to be identified during the performance appraisal process and unless identified at this stage attendance should normally be refused.	The approvals system for officers attending conferences and seminars should be tightened. The Council could consider developing a robust policy that would govern criteria for attendance on external courses and that this would contribute to the reduction of unnecessary expenditure.	Linked to 1 - i
Member Training		
2. That within Member training the Executive should:		

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i. Reduce the member training budget by £7,505 and this reduction should be included in the 2011/12 budget build.	The Member training budget has traditionally been under spent however reducing the budget beyond the proposed could result in the Council not achieving the Member development Charter which it had already invested in	£7-8k
ii. Agree that following achievement of the Member Development Charter this budget be further reviewed as part of the 2012/13 budget build.	The Council has already invested in achieving the Member Development Charter. Once this has been achieved the budget can be further reviewed.	-

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Grants Payable****

APPENDIX 3

Priority Ranking	Description	10/11	
1	WASTE & RECYCLING GENERAL	£3,500	0%
2	ECONOMIC DEVELOPMENT	£5,000	1%
3	CONTRIBUTIONS TO VOLUNTARY ORGANISATIONS	£44,000	5%
3	CAB BANBURY	£106,968	13%
3	CAB BICESTER	£86,263	10%
3	KIDLINGTON INFORMATION CENTRE	£10,938	1%
3	COMMUNITY ASSOCIATIONS	£9,000	1%
3	HANWELL FIELDS COMMUNITY CENTRE PARADIGM	£22,084	3%
3	SHOPMOBILITY	£26,263	3%
3	GRANTS PUBLIC HALLS & REC NL FACILITIES	£38,775	5%
3	PLAY GRANTS & PROJECTS	£17,579	2%
3	YOUTH ACTIVITIES	£15,065	2%
3	SPORTS PROJECTS	£4,089	0%
3	SCHOOL CLUB LINKS	£2,141	0%
3	HOUSING PARTNERSHIPS INCLUDING ORCC RURAL HOUSING ENABLEMENT	£79,864	10%
4	LOCAL TRANSPORT SERVICES	£199,000	24%
4	RURAL DEVELOPMENT	£36,760	4%
4	ARTS GRANTS	£70,381	8%
5	SAFER COMMUNITIES	£25,000	3%
5	SAFER COMMUNITIES INITIATIVES	£8,500	1%
5	NATURE CONSERVATION	£20,673	2%
		£831,843	100%
	Required reduction to match budget reduction - 26%	£216,279	

****excludes those accounted for within building blocks

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By virtue of paragraph(s) 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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