

Cabinet

22nd September 2009

Scrutiny Co-ordination Committee

14th October 2009

Name of Cabinet Member:

Cabinet Member (Finance and Value for Money) - Councillor Foster

Director approving the report:

Director of Finance and Legal Services

Ward(s) affected:

All

Title:

20010/11 Pre-Budget Report

Is this a key decision?

Yes

Cabinet is being recommended to approve the key budgetary assumptions and individual budget savings options for 20010/11 and future financial years as a basis for consultation.

Executive summary:

This report updates Members on the work undertaken in preparation for the 2010/11 and future years' Revenue Budget and Capital Programme. It comes at a time when our national and local economies face considerable challenges and when we anticipate there will be a significant reduction in the real level of resources available to local government for the foreseeable future. For Coventry, this coincides with a period of significant change marked by the ABC Programme and the restructuring of several areas of senior management and the implementation of a radical programme of transformation projects. There has also been a decision to bring forward the budget setting process by approximately three months to allow more time to implement budget decisions for the start of the new financial year.

It is clear from the financial position facing us that we will need to achieve significant savings over the medium term. A list of savings options for our revenue programme is included in **Appendix 1**. These savings options total **£10.3m** in 2010/11 rising to **£15.1m** in 2011/12. It is important that a large majority of the savings options are approved when final budget proposals are brought to Council in December 2009 in order to allow balanced budgets to be set in future years.

Based on the current financial analysis we expect our net revenue budget to increase from £261.9m in 2009/10 to £269.4m in 2010/11 but to reduce thereafter.

For the Capital Programme, the Council is likely to have very little discretion to make new decisions due to the lack of capital resources available to us. A full programme has not been included within this report but will be included for members to consider in December. This will largely consist of schemes and programmes that have already been approved plus some relatively modest programmes of essential expenditure in the areas of property, highways maintenance and ICT.

Recommendations:

Cabinet is recommended to:

(1) Agree that the medium term financial position set out in section 2 be used as a basis for consultation for the 2009/10 revenue and capital programmes;

(2) Approve the content of the report and the savings shown in **Appendix 1** as the basis of our public budget consultation process.

List of Appendices included:

Appendix 1: Savings Options

Other useful background papers:

None

Has it or will it be considered by scrutiny?

Yes - Scrutiny Co-ordination Committee 30th September

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No. Budget proposals will be taken to Council in December 2009.

**Report title:
20010/11 Pre-Budget Report**

1. Context (or background)

- 1.1 As part of recent budget setting processes members have considered a pre-budget report in December that has begun the statutory budget consultation process. This year it has been decided to bring forward the budget setting process by approximately three months. Following this report there will be a period of public consultation leading to the publication of a further report containing the majority of final budget decisions in December 2009. Final statutory Council Tax Setting and Budget Requirement reports will be taken in February 2010.
- 1.2 The options outlined in this report have been arrived at within the context of the Council's commitment to delivering the Coventry Sustainable Community Strategy and our Corporate Plans. Notwithstanding the Council's award of 4 star status in March 2009 there is a sense of realism that the Council can further improve the quality of its services. This expectation has been heightened with the arrival of a new Chief Executive, who has made clear through the ABC programme, his intention for the Council to pursue a radical transformation agenda over the next few years.
- 1.3 In the past year, the national financial landscape has changed significantly and a much lower level of funding is likely to be made available to public services including local authorities in the future. It is also likely that Government will expect lower increases in Council Tax than we have experienced previously. In order to bring together the need for better services at lower cost, the Council is embarking on a transformation agenda that will affect every area of the City Council and all the services we deliver over the next few years. This agenda is being delivered under the banner of ABC - a better Council for a bolder Coventry. This will involve us reviewing everything we do in order to improve our services for residents,
- 1.4 The current economic downturn is requiring us to face some significant service pressures and financial challenges. Although this represents the immediate economic and financial back-cloth, it is essential that our budget decisions allow us to address a number of other challenges over the coming years, including:
- Ensuring the robustness of those services that deal with the most vulnerable people in the city (e.g. our children's social care services);
 - Improving current service standards and the customer focus of our services;
 - Transforming the processes by which we deliver services and achieving better value for money throughout the organisation;
 - Enabling investment in the city's future to sustain economic growth in the city and the sub-region;
 - Taking forward major strategic imperatives that will impact on the future of our city such as the Climate Change and Waste strategies, Building Schools for the Future, the redevelopment of our city centre and the Highways and Lighting PFI; and
 - Working with and involving local partners and communities in the development of our services and the future of the city

2. Options considered and recommended proposal

- 2.1 This section outlines the overall financial envelope that faces the City Council (sections 2.2 and 2.3), the underlying base budget position (2.4 and 2.5), the additional cost pressures that now face us (2.6 and 2.7) and the implications in terms of savings that are required to

2.2 Resources – Council Tax

We have planned to collect £114.6m of Council Tax income in 2009/10. This represents about 44% of the resources needed to fund the City Council's net budget requirement. The size of future Council Tax income levels depends on two main elements:

- The change in the City's tax-base – this is affected by the number of properties in the City in each Council Tax band, the number of adjustments and allowances that apply and the collection rate that we expect to achieve.
- The Council Tax increase approved by members of the City Council. In 2009/10 an increase of 3.8% was approved.

Our tax-base projections are based on a broad assumption that any increases in the underlying tax-base in line with recent trends will be balanced, as a result of economic conditions, by short to medium term downward adjustments to our current assumed eventual collection rate of 98.5%. Based on this, the tax revenue that we expect to collect at existing Council Tax levels is shown in the table below. We have included a one-off reduction of c£1m in 2010/11 to reflect current difficulties in collecting Council Tax as a result of the economic downturn. This picture can only be an informed estimate at this point and will become clearer over the course of the year.

Table: Tax Revenues Based on Current Council Tax Levels

2010/11 £m	2011/12 £m	2012/13 £m
(113.6)	(114.6)	(114.6)

Our medium term financial assumptions last year, were informed by an assumed Council Tax increase of 3.5%. The current economic climate, current low levels of inflation, public expectations and the anticipated impact of Government pronouncements lead us to believe that Government may impose a Council Tax cap below the 5% level and we have revised downwards our assumptions for the level of Council Tax increases. Taking 2.5% as our planning assumption would give a potential maximum level of Council Tax income as follows.

Table: Tax Revenues Based on a 2.5% pa Increase in Council Tax

	2010/11 £m	2011/12 £m	2012/13 £m
Council Tax Increase at 2.5% pa	(116.4)	(120.4)	(123.4)

2.3 Resources – Formula Grant

Our previous assumptions on the likely level of Formula Grant from Government had been based on the 2007 Comprehensive Spending Review. This gave an indicative resources figure for 2010/11 that the Government has stated it will honour and our current assumption

is that this will indeed be the case. For future years, the current predictions with regard to public sector spending restrictions have led us to consider a range for Formula Grant of (at best) a cash freeze to a 3% cash reduction. These two scenarios are shown in the table below.

Table: Formula Grant Assumptions

	2010/11 £m	2011/12 £m	2012/13 £m
Cash Freeze from 2011/12	(153.0)	(153.0)	(153.0)
3% Cash Reduction from 2011/12	(153.0)	(148.4)	(144.0)

2.4 Underlying Base Budget Position

The Council's net revenue expenditure budget for 2009/10 is £261.9m. For 2010/11 and beyond we need to incorporate previous budget decisions with financial impacts that change over time plus any inflation assumptions that affect future years' budgets. After taking these into account, the base budget is as follows.

Table: Base Budget Before Any New Decisions

	2010/11 £m	2011/12 £m	2012/13 £m
2009/10 Base Budget	261.9	261.9	261.9
Previous Budget Decisions and Inflation Assumptions	7.2	13.9	21.9
Initial Base Budget	269.1	275.8	283.8

The most significant changes resulting from previous budget decisions in 2010/11 are the falling out of ABG compared to previous years (£2.7m) and increases in employers' superannuation costs (£1.3m). These and other changes are balanced somewhat by 2009/10 savings that have planned increases in future years. The inflation assumptions include an assumed pay award of 1.0% and price/income inflation of 2.5%. Together these represent a budget increase of over £3.5m per year.

2.5 The total financial picture will depend on the outcome of all the variable factors referred to above. Our best estimate of the likely financial position is based on:

- A stable and unchanged tax-base
- Council Tax increases of 2.5% pa
- 2010/11 Formula Grant figures indicated by CSR 2007
- 3% p.a. cash reductions in Formula Grant from 2011/12
- Pay awards of around 1% per year

2.6 The base budget position above does not incorporate items that were included within the medium term planning figures shown in the Medium Term Financial Strategy approved in January 2009. These items were as follows:

	2010/11	2011/12	2012/13
	£m	£m	£m
City Centre Regeneration Rental Income Loss	1.0	3.0	4.0
Project Transform Gap Funding	0.5	1.5	2.5
Revenue support for capital infrastructure investment in highways, property and ICT	3.0	4.0	5.0
Total	4.5	8.5	11.5

The 2010/11 figure for capital infrastructure has been increased by £1m and that for City Centre income loss decreased by £1m.

2.7 We have also become aware of a range of further expenditure pressures that have arisen more recently. Whilst further work is needed to establish the basis and value of these pressures it is necessary to include them now with broad planning figures attached to them in order to produce a more robust estimate of the financial position being faced.

	2010/11	2011/12	2012/13
	£m	£m	£m
City Centre Consultancy Costs	0.5	0.5	0.0
ABC Programme	1.0	1.0	1.0
Redundancy & Pension Strain Costs	1.0	1.0	1.0
ICT Capital - Cost of prudentially borrowing £5m for 3 years, maximum revenue cost £3.7m	0.1	1.3	2.6
CLYP Social Care	1.0	1.0	1.0
Budgetary Control Pressures	1.5	1.5	1.5
Capital Programme Borrowing Costs	0.5	1.5	2.0
Lease and Rental Income Loss	0.6	0.6	0.6
Total	6.2	8.4	9.7

2.8 If these pressures are added to the underlying financial position, the current picture before identifying any mitigating actions is as follows.

	2010/11	2011/12	2012/13
	£m	£m	£m
Initial Base Budget	269.1	275.8	283.8
Pressures Identified in Previous MTFS	4.5	8.5	11.5
New Pressures Identified	6.2	8.4	9.7
Council Tax and Formula Grant Resources	(269.4)	(268.8)	(267.4)
Bottom Line Gap	10.4	23.9	37.6

2.9 Savings Options

Within the context of this very challenging financial position, Corporate Management Board and their respective Directorate Management Teams, have considered carefully their expenditure budgets in order to identify a range of savings options for member consideration. Although the size of the budget gap for next year (2010/11) is not large by historical standards, there are significant increases in future years, likely reductions in public spending and emerging pressures as a result of the recession. This means that it is essential that the Council takes a longer-term approach now to achieving the savings needed in future years.

The savings options are listed in Appendix 1. Many of these savings will be achieved either directly or indirectly as a result of the Council's transformation agenda. The approach being taken is to deliver the twin aims of improving services and achieving better value for money for Council Tax payers. All savings that will be achieved through a transformation or value for money agenda have been asterisked in Appendix 1. Given that the implementation of this programme has only just begun, it is inevitable that not all of the savings are being generated in this way to begin with. A number of them are pragmatic adjustments to existing service areas.

The largest savings options in Appendix 1 are proposing:

- Increases in fees and charges above inflation (lines 18 and 34),
- Requirements for our partners to make efficiency and other savings (lines 16 and 36),
- An expectation that Single Status costs incurred on staff working in schools will be funded from the appropriate areas (line 8),
- Changes in the way we deliver services in Refuse Collection, Street Cleansing and Grounds (lines 20 and 22),
- A vacancy factor across all employee budgets (line 35),
- Planned removal of temporary Community Centre funding (line 1),
- Structural reviews affecting senior management and administrative posts (lines 17, 38 & 39),
- Changes to the way we manage our operational property and our local printing arrangements (lines 15 and 37)
- Freezing of price inflation budgets (lines 40)

- Changes to our debt repayment practices in line with current practice (line 48)
- Improved procurement and commissioning practice across a wide range of areas (line 51).

2.10 If all of the savings options in Appendix 1 were approved by Council in December the overall financial position would be as follows.

	2010/11	2011/12	2012/13
	£m	£m	£m
Bottom Line Gap prior to Savings	10.4	23.9	37.6
Identified ABC and Efficiency Savings	(5.6)	(8.5)	(8.5)
Other Savings Identified	(4.8)	(6.6)	(8.3)
Bottom Line Gap After Savings Options	0.0	8.8	20.8

2.11 The savings have been categorised broadly into those driven by our ABC and efficiency programmes and other savings to address the deficit identified by CMB. Although the position in 2010/11 has been balanced by the savings identified, any savings that are not accepted will create a budget deficit. In order to address this possibility, work will continue to identify budget balancing options between now and the budget report to members in December. The medium term position continues to be out of balance, with the position looking potentially very difficult in 2012/13 and beyond. Appendix 1 shows only those savings that have been specifically identified within the ABC programme. Given the ambitious scope of the programme it is intended that further ABC savings will be identified on an ongoing basis that will be integrated within our budgeting plans. The programme and the savings that it generates will be driven and closely monitored the Chief Executive and CMB.

2.12 Capital Position

Notwithstanding the move to bring forward the budget setting process, there remains a fundamental difficulty in achieving this for our Capital Programme. The Programme for future years is always shaped to a significant degree by the likely incidence of expenditure in the current year and by capital allocations announced by Government. At present, neither of these fundamental pieces of information is available so it is very difficult to give a clear indication of the likely resourcing or commitments that will shape the 2010/11 programme and beyond.

Our recent Capital Programme experience has been marked by a relatively low level of available resources and a falling away of the level of capital receipts that we have been used to previously. In addition, we anticipate (based on Government announcements) that central government capital allocations are likely to be much lower than previously. Early indications are that we face a shortfall of capital resources in the region of between £20m and £25m over the next couple of years for expenditure that has already been planned. With this in mind, it is clear that there will continue to be very little room for new capital expenditure plans beyond that for which resources have already been earmarked or identified.

This report does not include a detailed draft capital programme because of the information limitations referred to above. The report that will come before members in December will include a more detailed position that current indications suggest will incorporate:

- Continuation of existing regeneration programmes in Canley and Far Gosford Street,
- A limited City Centre enhancement programme ahead of future City Centre regeneration,
- A continued Integrated Transport Programme, a minimum level of highways maintenance investment and the rolling out of the programme to upgrade the City's Street Lights,
- An externally funded programme of Disabled Facilities Grants
- Largely grant funded improvements to the War Memorial Park
- A programme of fundamental improvements to our ICT infrastructure
- A minimum level of property maintenance
- Continuation of a significant programme of expenditure on the City's Primary schools and the rebuilding of Sidney Stringer School.

In addition, planning will continue in earnest to implement the Building Schools for the Future programme (to rebuild and refurbish the City's secondary schools) and to undertake a fundamental regeneration of the City Centre.

3. Results of consultation undertaken

3.1 Following agreement by Cabinet, the proposals in this report will be subject to eight weeks public consultation ending on the 16th November that will be concluded via a series of meetings designed specifically for this purpose. Consultees will include the Youth Council; the Council's trades unions; the business community - through the Coventry and Warwickshire Chamber of Commerce; public sector organisations in the city; community and voluntary sector organisations and other partner organisations. The outcome of this consultation will be included in the December budget report.

4. Timetable for implementing this decision

4.1 Most of the Savings decisions agreed in December will be implemented from 1st April 2010. Some of the savings will be implemented part way through 2010 and into 2011 whilst it may be possible to implement some before the start of the 2010/11 financial year. There is a presumption that savings will be delivered as soon as practicable. The achievement of savings will be monitored as part of the budgetary control process. Some savings will contribute to and be monitored through the reporting of National Indicator 179 (the Efficiency indicator).

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

The main body of this report is concerned wholly with financial matters. It is essential that the majority of the savings identified are achieved in order for the City Council to be able to deliver a balanced budget. Where members determine that savings are not acceptable following consultation, it will be necessary to identify alternative areas of saving before final budget proposals are submitted to Council in December.

5.2 Legal implications

The proposals in this report are designed to meet the Council's statutory obligations in relation to setting a balanced 2010/11 budget by mid-March 2010. This includes the duty to report to the council on the robustness of the estimates provided and the adequacy of the financial reserves in place. Section 32 of the Local Government Act 1992 and Section 25 of the Local Government Act 2003 refer.

We are also obliged to meet the requirements of the Government's Inform, Consult and Involve legislation designed to ensure that the representatives of local people can influence to an appropriate degree the making of decisions that affect the local area.

6. Other implications

6.1 How will this contribute to achievement of the council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?

The savings options within this report are intended to have as little adverse impact as possible on the quality and level of service provided to the citizens of Coventry and the key objectives of the Sustainable Community Strategy. Given the prospect of significant resource constraints over the coming years it is inevitable that our ability to deliver existing services will come under pressure. Local Government more generally may need to consider the range of key objectives that it has set itself and make some difficult choices between the priorities that have been agreed previously. The emphasis that has been placed on the Council's transformation agenda is designed to mitigate these challenges. As far as possible we will try to deliver better value for money in the services that we provide and achieve the same or better level of service with less resources.

6.2 How is risk being managed?

Delivery of our Medium Term Financial Strategy is one of the Council's key corporate risks. The proposals within this report are aimed directly at trying to mitigate this risk. The budget savings options within the report do not impact upon individual services that are the subject of significant risk at a Corporate level.

6.3 What is the impact on the organisation?

The number of staff employed by the City Council and the city's schools in December 2008 was higher than in December 2007, reflecting a consistent trend in recent times. The prospect in future years is that these numbers will need to reduce in line with reductions in funding for Local Government. The savings proposals within the report will result in the deletion of posts. Due to the nature of the options that are included in this report it is not easy at this stage, to assess accurately how many posts will be affected. This will be made clearer in the December report. Any deletions or changes to jobs arising from the implementation of budget decisions will be managed through the appropriate City Council's Human Resources policies and procedures.

6.4 Equalities / EIA

The key savings options within the report will be the subject of individual EIAs to help ensure that any potential adverse impacts on specific groups will be addressed.

6.5 Implications for (or impact on) the environment

No impact.

6.6 Implications for partner organisations?

The Council has relationships with a wide range of organisations including voluntary organisations that we grant fund and larger trusts with which we have service level agreements. Given the financial position described above the City Council is once again considering the option of requiring these organisations to make at least the 3-4% efficiency savings that the government expects the Council to make. We are in the process of contacting these organisations to alert them to this possibility. The final decision on how they may be affected will be communicated to them separately and specifically in due course. The intention will be to take a consistent approach across these relationships. The implications for our partners of the savings option in relation to Community Centres and Neighbourhood Management will need to be assessed more fully in order to determine how best they can be managed.

Report author(s):

Paul Jennings

Name and job title:

Finance Manager (Corporate Finance)

Directorate:

Finance and Legal Services (FLS)

Tel and email contact:

02476 833753 paul.Jennings@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Barry Hastie	Assistant Director (Financial Management)	Finance and Legal Services	23/7/09	28/8/09
Sue Iannantuoni	Assistant Director (Human Resources)	Customer and Workforce Services	23/7/09	23/7/09
Lara Knight	Governance Services Officer	Customer and Workforce Services	23/7/09	12/8/09

Jenni Venn	Corporate Policy and Research Manager	Chief Executive's	23/7/09	6/8/09
Names of approvers: (officers and members)				
Finance: See above		Finance and Legal Services		
Legal: Christine Forde	City Solicitor and Assistant Director	Finance and Legal Services	23/7/09	7/9/09
Director Chris West	Director of Finance and Legal Services	Finance and Legal Services	14/8/09	1/9/09
Members: Cllr Foster	Cabinet Member (Finance and Value For Money)		3/9/09	7/9/09

This report is published on the council's website:
www.coventry.gov.uk/cmis

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
	Chief Executive's				
1	<u>Community Centre Funding*</u> Gross Budget £950,000 Net Budget £950,000 Number of Employees - 3 Service Lead Officer : Jan Nicholls	Implement approved policy for grant and gap funding of Community Centres	(270)	(270)	0
2	<u>Review of Neighbourhood Management*</u> Gross Budget £2,206,000 Net Budget £1,824,000 Number of Employees 42 (excl Wardens) Service Lead Officer : Jos Parry/Carl Pearson	Review of management of service following move to City Development Directorate	(75)	(500)	TBD
	Total Chief Executive's		(345)	(770)	0

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
	CLYP				
3	<u>Neighbourhood Services - Childcare</u> Gross Budget £311,000 Net Budget £311,000 Number of Employees - n/a Service Lead Officer : Jane Goodyear	Use of general Surestart grant in accordance with grant conditions to enable the core Childcare budget to be re-utilised.	(100)	(100)	TBD
4	<u>Neighbourhood Services - Childcare and Wraparound</u> Gross Budget £126,000 Net Budget £126,000 Number of Employees - n/a Service Lead Officer : Chris Wainwright	Continuation of plans to cease funding from 1/9/09.	(60)	(60)	TBD
5	<u>CLYP Grants Review</u> Gross Budget £2,800,000 Net Budget £500,000 Number of Employees n/a Service Lead Officer : Colin Green	Review of grants and funding conditions and identification of potential for switch funding	(65)	(65)	TBD
6	<u>CLYP All LEA Services*</u> Gross Budget £30,000,000 Net Budget £28,000,000 Number of Employees - n/a Service Lead Officer : Ruth Snow	Section 52 budget analysis across Education and Learning Services, Neighbourhood Services and Specialist Services including benchmarking with similar Councils for comparisons. Analysis will include SEN, Youth Service, Performing Arts Service and Looked After Children.	(40)	(40)	TBD
7	<u>CLYP Non-Statutory Services*</u> Gross Budget £4,375,250 Net Budget £4,378,250 Number of Employees - tbc Service Lead Officer : Colin Green	% saving from non-statutory services provided	(50)	(50)	TBD
8	<u>CLYP Schools Single Status Costs including potential costs of Equal Pay Claims</u> Gross Budget £700,000 Net Budget £700,000 Number of Employees - n/a Service Lead Officer : Colin Green	The cost relating to schools staff of (a) implementing Single Status in June 2005 and (b) setting aside amounts to pay for the potential cost of Equal Pay Claims, has been paid from non-schools budgets to date. This proposal is for this cost to be picked up from within Dedicated Schools Grant in line with practice elsewhere.	(500)	(500)	0

Appendix 1

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
9	<u>Performing Arts</u> Gross Budget £1,375,010 Net Budget £304,889 Number of Employees - n/a Service Lead Officer : Ruth Snow	Devolved budget for the Performing Arts	(150)	(150)	TBD
10	<u>CLYP Whole Service*</u> Gross Budget Net Budget Number of Employees - n/a Service Lead Officer : Colin Green	Cross-directorate efficiencies from each division	(110)	(110)	TBD
11	<u>Dol-y-Moch</u> Gross Budget £101,856 Net Budget £75,969 Number of Employees - n/a Service Lead Officer : Ruth Snow	To reduce net budget to level of Remissions costs only	(26)	(26)	0
12	<u>Placements Miscellaneous costs*</u> Gross Budget £156,056 Net Budget £156,056 Number of Employees - n/a Service Lead Officer : Ray Evans	Costs relating to children placed with Northern Care now being met by them as part of contractual agreement.	(40)	(40)	TBD
13	<u>Specialist Head of Service*</u> Gross Budget £167,563 Net Budget £167,563 Number of Employees - n/a Service Lead Officer: Amanda Lamb	Reduction in numbers of subscriptions.	(10)	(10)	0
14	<u>Student Finance*</u> Gross Budget £200,654 Net Budget £200,654 Number of Employees : 3 Service Lead Officer: Andy Walmsley	Winding down of activity pending transfer to central processing unit in Glasgow by April 2011.	(66)	(66)	TBD
Total CLYP			(1,217)	(1,217)	0

Appendix 1

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
	City Development				
15	<u>Property Management - Operational Property*</u> Gross Budget - £15.2m Net Budget Number of Employees - n/a Service Lead Officer : Nigel Clews	Centralisation of all operational buildings budgets into City Development Property Division budgets in line with management arrangements to ensure consistency of approach, prioritisation of spend, control of commissioning & identification of efficiencies and review of Council office cleaning.	(200)	(200)	Nil
16	<u>CVOne (See Community Services for CVOne Events)*</u> Gross Budget £5,400,000 Net Budget £4,600,000 Number of Employees 90 Service Lead Officer : Martin Yardley	CVOne service review underway to identify the Council's future contractual arrangement with the company removing duplication with Council services and taking advantage of economies of scale where possible in consultation with CVOne	(500)	(500)	Nil
17	<u>CDD/City Services Restructure*</u> Gross Budget £1.1m Net Budget £1.1m Number of Employees 10 Service Lead Officer : Martin Yardley	Review of Directorate management structures.	(120)	(350)	(1)
18	<u>Fees and Charges in City Development</u> Gross Budget £6,339k Net Budget - £6,339k Number of Employees - n/a Service Lead Officer : Jacqui Staunton	Periodic review of non-statutorily set fees and charges, primarily car parking fees and building control fees	(250)	(350)	Nil
19	<u>Rationalisation of Operational Admin. Buildings*</u> Gross Budget £5m+ (est) Net Budget - nil (int rechg) Number of Employees n/a Service Lead Officer : Nigel Clews	Reduction in the number of buildings (40+) and gross overall office space by up to 20% over the next three years	(90)	(90)	0
	Total City Development		(1,160)	(1,490)	(1)

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
	City Services				
20	<u>Grounds & Street Cleansing*</u> Gross Budget £8,527,000 Net Budget £4,614,000 Number of Employees 237 Service Lead Officer : Martin Reeves	Cleansing & Grounds Maintenance - Fundamental Service review underway.	(350)	(470)	TBD
21	<u>Public Protection*</u> Gross Budget: £4,938,000 Net Budget: £4,282,000 Number of Employees: 128 Service Lead Officer :Alan Bennett	Options for reviewing service to statutory provision levels. Further work to be completed to formulate this option	(84)	(84)	(2)
22	<u>Refuse Collection*</u> Gross Budget £10,789,000 Net Budget £5,106,000 Number of Employees 195 Figures relate to Domestic Refuse, Commercial Refuse and Recycling Service Lead Officer :Dilip Chauhan	The planned introduction of kerbside recycling may provide an opportunity to further review the way in which we organise the waste collection service. This will be reviewed once the recycling initiative has become established.	(225)	(450)	TBD
Total City Services			(659)	(1,004)	(2)

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
	Community Services				
23	<u>Culture, Leisure and Libraries Heritage Trusts*</u>	Join together the management of the City's heritage trusts (Coventry Heritage and Arts Trust and Coventry Transport Museum) Net budget quoted equals CCC budgeted level of funding. May save in terms of CEO and some sharing of support services, assumes sufficient staff to support; assumes goodwill from each Trust and Board of Trustees	(65)	(130)	0
	Gross Budget £4,300,000 Net Budget £2,987,000 Number of Employees Service Lead Officer : Alice Davey				
24	<u>Culture, Leisure and Libraries Sports Trusts*</u>	Join together the management of the City's sports trusts (Coventry Sports Trust and Coventry Sports Foundation). Net budget quoted equals CCC budgeted level of funding. May save in terms of CEO and some sharing of support services, assumes sufficient staff to support; assumes goodwill from each Trust and Board of Trustees	(65)	(130)	0
	Gross Budget £5,000,000+ Net Budget £2,208,000 Number of Employees Service Lead Officer : Alice Davey				
25	<u>Culture, Leisure and Libraries*</u>	Reduction of running costs and supplies and services following a review across the Service. Savings of £35k from central and management budgets, £12k from parks, £3k from Arts Development arrangement changes and £10k from increased income targets at Coombe, totalling £60k. A review of the resources within the library service to deliver £105k which will take place in two stage process with a review of budgets in conjunction with a fundamental review of management and development work.	(165)	(165)	(2)
	Gross Budget £18,535,000 Net Budget £17,364,000 Number of Employees 278 Service Lead Officer : John Teahan				
26	<u>Social Care - Outsourcing of In-house Services*</u>	Commissioning short term promoting independence services from the independent sector for new entrants and specialist Dementia/OP mental health domiciliary support	(40)	(70)	(1.5)
	Gross Budget £5,204,000 Net Budget £3,697,000 Number of Employees 107 Service Lead Officer : Ron Innes				

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
27	<u>Social Care Service Redesign*</u> Gross Budget £27m Net Budget £27m Number of Employees Service Lead Officer : Mark Godfrey/Amanda Carr	The Personalisation Agenda is centred around enablement and promoting independence; supporting people to do as much for themselves as possible and reducing their dependency on long-term services. This practice change is in the early stages and is a key factor in managing down both current and future demands on our services. A 3-Year Financial Strategy is being developed and in future years, this strategy should generate cashable savings. Work is underway to identify the expected impact of Personal Budgets. A target of 2% Efficiency savings is being set for 2010/11.	(540)	(540)	0
28	<u>Assessment Implementation*</u> Gross Budget £48,000 Net Budget £48,000 Number of Employees 1 Service Lead Officer : Ian Bowering	Deletion of Assessment Implementation Manager post. This post led the implementation of the Single Assessment Process including co-ordinating the design and introduction of common assessment framework, user-held records, and the development of information sharing protocols between agencies. The objectives of the post have now been achieved.	(48)	(48)	(1)
29	<u>Social Care - Business Support Admin*</u> Gross Budget £346,500 Net Budget £346,500 Number of Employees 11 Service Lead Officer :Michelle Chilvers / Trevor Lomax	Deletion of 2 Business Support Assistant posts (1 each from Adults and Older People).	(40)	(40)	(2)
30	<u>Policy and Business*</u> Gross Budget £850,000 Net Budget £704,000 Number of Employees 20.5 Service Lead Officer : Simon Brake	Complaints Service review within the Planning and Administration function	(50)	(50)	0

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
31	<u>Social Care - Review of home meals service*</u> Gross Budget £674,000 Net Budget £330,000 Number of Employees Service Lead Officer Mark Godfrey	Review under way with objective of reducing the cost base and increasing VFM through more efficient delivery of service and better quality meals, . The aim is to develop a non-assessed service, so increasing the number of clients willing to pay a market price for meals. A savings target of 10% has been set for 2010/11	(60)	(60)	0
32	<u>Social Care - Review of transport service*</u> Gross Budget £1,977,000 Net Budget £1,915,000 Number of Employees Service Lead Officer : Mark Godfrey	Review already underway with objectives reducing the cost base and increasing VFM by reducing admin, rationalising routes and reducing the number of escorts - this work is taking place in conjunction with City Services.	(30)	(30)	0
33	<u>Housing Policy and Services*</u> Gross Budget £19,569,780 Net Budget £2,440,566 Number of Employees 93 Service Lead Officer : Steve Rudge	Review of service provision within Housing Policy and Services	(75)	(75)	(2)
Total Community Services			(1,178)	(1,338)	(9)

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
	Corporate and Cross Cutting				
34	<u>Raise Fees and Charges above Inflation</u> Gross Budget Net Budget £30,000,000 Number of Employees Service Lead Officer :	This saving is equivalent to raising all the authority's fees and charges to external customers by 1% above our current 2.5% inflation increase assumption after allowing for the specific fees and charges items included elsewhere in this Appendix. The application of increases will be guided by the current report on this subject.	(200)	(400)	0
35	<u>Vacancy & Turnover Factors</u> Gross Budget £185,000,000 Net Budget Number of Employees 8,000 Service Lead Officer :	Additional 1% vacancy target across all areas increasing overall target in most areas to 3%.	(1,100)	(1,100)	0
36	<u>3% efficiencies from Partner Organisations*</u> Gross Budget c£4,000,000 Net Budget c£4,000,000 Number of Employees Service Lead Officer : Paul Jennings	A requirement for each of our grant funded partner organisations to make a 3% efficiency saving in line with the 2009/10 budget setting decision. This excludes the Heritage and Sports Trusts and CVOne who have separate savings requirements.	(100)	(200)	0
37	<u>Rationalisation of Printers/phones*</u> Gross Budget Net Budget Number of Employees Service Lead Officer :	Examine some more fundamental changes in practice than ones that have occurred so far as part of a wider strategy to maximise the use of new technologies and equipment. The current savings figure is a nominal one subject to review work that is underway and will be reported back on shortly.	(230)	(230)	0
38	<u>Review of Administration*</u> Gross Budget £4,000,000 Net Budget £4,000,000 Number of Employees 256 Service Lead Officer : Jos Parry	The VFM Review has identified c256 FTEs involved in general admin and support functions. There is scope to reduce the level of staffing within some areas creating an appropriate level of support and greater uniformity.	(250)	(750)	TBD
39	<u>Management Structures*</u> Gross Budget £10,000,000+ Net Budget £10,000,000+ Number of Employees 106+ Service Lead Officer :	Remove 10 management posts at grade 9 and above from across the organisation (2010/11 part-year effect).	(300)	(600)	(10)

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
40	<u>Price Inflation Freeze</u> Gross Budget Net Budget Number of Employees Service Lead Officer : Paul Jennings	No addition to standard supplies and services budgets	(1,500)	(3,000)	0
41	<u>Total Place - Education and Social Care Pathways*</u> Gross Budget Net Budget Number of Employees Service Lead Officer :	Implementation of local designated Total Place initiative. Saving from shared approach with Solihull and Warwickshire	(125)	(250)	TBD
Total Corporate and Cross Cutting			(3,805)	(6,530)	(10)

Budget Setting 2010/11 - Pre-Budget Report Savings Options

	Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced
	Customer and Workforce Services				
42	<u>Customer Services - Alternative training models*</u> Gross Budget £1,009,000 Net Budget c£100,000 (majority recharged) Number of Employees 16 Service Lead Officer : Shokat Lal	Alternatives include selling surplus training capacity, delivery of training via a shared services model and outsourcing training completely.	(60)	(60)	0
43	<u>Customer Services - Corporate Training Centre</u> Gross Budget £532,000 Net Budget Nil - Recharged Number of Employees 13 Service Lead Officer : Shokat Lal	Review of options to increase income generation	(50)	(50)	0
44	<u>Post and Fastprint*</u> Gross Budget £1,558,000 Net Budget £3,000 Number of Employees 31 Service Lead Officer : Doran Pearce	Potential actions still to be scoped and linked to admin and business support review	(30)	(30)	(1)
45	<u>HR Service*</u> Gross Budget £9,652,000 Net Budget £1,166,000 Number of Employees 223 Service Lead Officer : Sue Iannantuoni	1. HR Resourcing Savings dependent upon ICT investment 2. An additional £150k out of further recruitment advertising savings which would need to be topsliced from directorates' budgets.	(150) (150)	(150) (150)	 0
	Total Customer and Workforce Services		(440)	(440)	(1)

Appendix 1

Budget Setting 2010/11 - Pre-Budget Report Savings Options

Title of Service Area (Transformation and value for money items are marked with *)	Description of Savings Options	2010/11 Saving £000	Future Saving £000	Number of Posts Reduced	
Finance and Legal Services					
46	<u>Revenues and Benefits - Subsidy Recovery</u> Gross Budget £100,000,000 Net Budget n/a Number of Employees n/a Service Lead Officer : Lesley Dunn	Improvement in performance levels in relation to benefit claims error and the recovery of amounts is forecast to be within Department of Work and Pensions thresholds allowing the Council to claim subsidy on those payments made 'in error'.	(200)	(200)	0
47	<u>Revenues and Benefits - service review*</u> Gross Budget £13,000,000 Net Budget £5,000,000 Number of Employees 280 Service Lead Officer : Helen Harding	Review existing service provision to identify efficiencies	(100)	(200)	TBD
48	<u>Review Minimum Revenue Provision (debt repayment) policy</u> Gross Budget Net Budget Number of Employees Service Lead Officer : Paul Jennings	Review current policy on debt repayment (Minimum Revenue Provision).	(500)	(500)	0
49	<u>Financial Management*</u> Gross Budget £5,000,000 Net Budget Nil - Recharged Number of Employees 140 Service Lead Officer : Barry Hastie	Review of service provision to identify efficiencies	(100)	(200)	(3)
50	<u>Internal Audit & Special Projects</u> Gross Budget £1,100,000 Net Budget Nil - Recharged Number of Employees 22 Service Lead Officer : Lisa Commane	Review of service provision	(50)	(100)	TBD
51	<u>Procurement Strategy*</u> Gross Budget Net Budget Number of Employees Service Lead Officer : Liz Welton	Strategic review of procurement	(500)	(1,000)	0
52	<u>Cash Office*</u> Gross Budget Net Budget Number of Employees Service Lead Officer : Helen Harding	Consider any shared service options that need to be considered for Coventry.	(40)	(40)	TBD
Total Finance and Legal Services			(1,490)	(2,240)	(3)
Total Savings			(10,294)	(15,029)	(26)

Forecast Revenue Budget and Resource Position

	2010/11	2011/12	2012/13
	£m	£m	£m
<u>Initial Budget Position</u>			
A Base Budget Including Previous Approved Decisions	269.1	275.8	283.8
<u>Pressures and Policy Developments Indicated Previously</u>			
B City Centre Regeneration Rental Income Loss	1.0	3.0	4.0
C Waste Project Affordability Gap	0.5	1.5	2.5
D Revenue Budget to Support Capital Infrastructure	3.0	4.0	5.0
<u>New Pressures and Policy Developments</u>			
E City Centre Consultancy Costs	0.5	0.5	0.0
F ABC Programme	1.0	1.0	1.0
G Redundancy & Pension Strain Costs	1.0	1.0	1.0
H ICT Capital - Cost of prudentially borrowing £5m for 3 years, maximum revenue cost £3.7m	0.1	1.3	2.6
I CLYP Social Care	1.0	1.0	1.0
J Budgetary Control Pressures	1.5	1.5	1.5
K Capital Programme Borrowing (loss of receipts) Costs	0.5	1.5	2.0
L Lease and Rental Income Losses	0.6	0.6	0.6
M Net Budget Requirement Before Budget Actions	279.8	292.7	305.0
N Formula Grant (3% cash cut from 2011/12)	(153.0)	(148.4)	(144.0)
O Council Tax (2.5% Increase per annum)	(116.4)	(120.4)	(123.4)
P Resources	(269.4)	(268.8)	(267.4)
Q Resource (Surplus)/Deficit <u>Before</u> Budget Actions	10.4	23.9	37.6
R ABC and Efficiency Savings to Address Deficit	(5.6)	(8.5)	(8.5)
S Other Savings to Address Deficit	(4.8)	(6.6)	(8.3)
T Future Transformation Savings	0.0	(8.8)	(20.8)
U Resource (Surplus)/Deficit <u>After</u> Budget Actions	0.0	0.0	0.0