



NORTHAMPTON
BOROUGH COUNCIL

Name of Committee	CABINET
Directorate:	Governance and Resources
Director:	Ian Thompson, Interim Finance Director
Date:	8 th January 2007

Report Title	Budget 2007/08 and Later Years-Policy options for consultation
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Key Decision	Yes
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1. Recommendations

- 1.1 That the schedule of options for changes in levels of future service delivery be agreed as the basis for public consultation over the next two weeks.
- 1.2 That the principle be established whereby the cost of implementation of the pay and grading review for 2007/08 and later years be offset by efficiency savings in order that the overall budget impact is cost neutral, the capacity to accommodate these costs to be based on a budget review by Cabinet no later than July 2007 before any specific commitments to the pay and grading review are made.

2. Summary

- 2.1 The report identifies that there is a requirement to identify savings of £3.5m (after £1.1m efficiency savings) in order to present a balanced budget for 2007/08 and later years and invites Cabinet to agree a schedule of options for public consultation.
- 2.2 If recommendation 1.2 is accepted, then the savings requirement is £3.15m

3. Report Background

3.1 At the meeting on 19th December 2006, Cabinet considered a detailed report on the budget preparation for 2007/08 and later years and resolved as follows:

- (i) that the report be received and that the funding shortfall identified of £3.23m after introducing a target efficiency/value for money saving of £1.1m be noted
- (ii) that the actions already taken to minimise the funding shortfall be noted
- (iii) that the options for future service delivery that are to be considered as the basis for public consultation to bridge the identified funding gap be the subject of a further meeting of the Cabinet on 8th January 2007

3.2 This report primarily deals with point (iii) above. However, as the budget preparation process has continued, it has emerged that there is an additional financial pressure in the Planning & Development Control area. This arises because of the loss of income from major planning applications that are now the responsibility of the West Northants Development Corporation. After reducing staffing levels, there is a net cost to the Council of £170k and this has the effect of increasing the identified funding shortfall to £3.4m.

3.3 In addition to the above, an updated assessment of the cost of phased implementation of the pay and grading review is that it would be prudent to provide for at least an additional £100k in 2007/08 with an expectation that the full cost would impact in the following year. This further increases the identified funding shortfall to £3.5m after allowing provision for efficiency savings. However, one option would be for the costs of implementation to be offset by additional efficiency savings to be identified such that the overall budget impact is cost neutral. Recognising that the potential cost as well as impact on discrete groups of staff has yet to be fully evaluated, it would then be appropriate for Cabinet to review the position no later than July 2007 before any specific commitments were made and/or efficiency targets set. If this recommendation is accepted, the funding shortfall for 2007/08 becomes £3.15m.

3.4 Appendix 1 sets out a schedule of options compiled by officers as the suggested basis for public consultation. In each case the service implications of endorsing the option are summarised and the potential cost saving in 2007/08 identified. The estimated savings assume only a part year saving where there is the potential for staff redundancy or redeployment or where it may not be possible to reduce other fixed costs without a period of notice. Conversely, where the potential exists to effect changes by not filling existing vacancies, then a full year saving has been assumed for 2007/08. In each instance, Appendix 1 also indicates the full year saving for 2008/09.

3.5 It is important to note that Appendix 1 is presented as a schedule of options for further consideration and that no formal decisions have been taken. Accordingly, the schedule total is £3.95m. for 2007/08 with a full year effect of £5.2m. for 2008/09 and later years. Clearly, in order to develop a balanced budget for 2007/08, it will not be necessary to accept all of the options presented. In addition, it is reasonable for other options to be suggested and considered as part of the budget consultation process.

3.6 In considering where savings options may carry redundancy implications, it is important to stress that as with previous efficiency and savings exercises, every effort will be made to avoid compulsory redundancy by seeking redeployment opportunities and inviting voluntary redundancy as appropriate.

3.7 Paragraph 3.1(i) above also refers to a target efficiency/value for money saving of £1.1m. Work is underway to identify how in practice this target will be achieved. As a general principle, efficiency savings will be sought in 'back office' functions and support services that have no direct impact on front-line service delivery. However, it will be recalled that the 'root and branch' exercise carried out during 2005/06 has already delivered ongoing annual savings in excess of £1m by a reduction in levels of management, principally in 'back office' services. As with the schedule of savings options attached, where any items are included as part of the budget to be approved it will be essential that the council's responsible statutory officers are satisfied that the savings are deliverable in practice and that the budget is therefore robust.

3.8 What is now required is that Cabinet agrees a schedule of savings options for public consultation. The outcome of the consultation process will be reported to the Cabinet at the meeting on 29th January in order that this may be taken into account in determining the balanced budget to be recommended for debate at the Council meeting scheduled for 13th February.

4. Options and Evaluation of Options

4.1 Appendix 1 sets out a schedule of options for public consultation.

5. Resource Implications (including Financial Implications)

5.1 These are set out in the report and were also covered in greater detail in the report considered by Cabinet on 19th December 2006.

6. Risk and Opportunity Issues

6.1 There is a range of risk factors to be taken into account in setting the budget. The draft budget includes provision to increase the council's reserves by £1m. In addition to the forecast residual reserves at the end of 2006/07. However, this is in relation to a number of significant perceived risks and is on the basis that the Council will set a balanced budget that is demonstrably robust.

7. Consultees (Internal and External)

Internal	CE, Directors, Corporate Managers, Leading Members
External	To be undertaken prior to Cabinet on 29 th January.

8. Compliance Issues

A: How Proposals Deliver Priority Outcomes

Recovery Plan
To be determined
Corporate Plan
To be determined

B: Other Implications

Other Strategies
N/a

Finance Comments
Included above

Legal Comments

9. Background Papers

Title	Description	Source

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Name	Signature	Date	Ext.
Author			
Corporate Manager			
Director			
Monitoring Officer or Deputy (Key decision only)			
Section 151 Officer or Deputy (Key decision only)			