

Taunton Deane Borough Council

Executive – 1 December 2010

Medium Term Financial Plan Update and 2011/2012 Savings Delivery Plans

Report of the Strategic Finance Officer and Financial Services Manager
(This matter is the responsibility of Executive Councillor John Williams)

1 Executive Summary

The Executive is requested to note the latest position on the Medium Term Financial Plan (MTFP), and to prioritise and approve the proposed Savings Delivery Plans.

2 Background

2.1 The purpose of this report is to inform the Executive regarding:

- The latest MTFP position;
- The Savings Delivery Plans prepared by managers;
- Feedback from Corporate Scrutiny review of Savings Plans.

2.2 Corporate Scrutiny considered a Budget Strategy 2011/2012 report at its meeting on 21 October 2010, where an update was provided regarding the Medium Term Financial Plan and Budget Strategy. In that report

- the predicted budget gap for 2011/2012 was £1.151m;
- savings targets of £1.134m were included;
- key risks and uncertainties were identified

2.3 Managers have continued to develop the options for delivering savings against service budgets, either through reducing costs or increasing income. This report provides the Executive with details of the options and requests the Executive to agree the priorities and approve the savings for budget setting purposes.

2.4 The Corporate Scrutiny Committee, at its meeting on 18 November 2010, was informed of the savings proposals being put forward by managers, and was asked to provide comments to the Executive in this regard.

2.5 Although it will be extremely challenging, the Council must ensure that it is able to deliver a sustainable budget, and the Savings Delivery Plans presented with this report would help the Council to achieve this requirement.

3 Medium Term Financial Plan (MTFP) Update and the General Fund Budget Gap

- 3.1 Initial assessment of the MTFP, as reported to Corporate Scrutiny on 21 October 2010. This was based on initial finance officers' assumptions and estimates related to inflation, government funding, and known spending pressures and savings within services at that time. As referred above, this showed an estimated Budget Gap of £1.151m in 2011/2012, potentially rising to an estimated £5.4m by 2015/2016.
- 3.2 In arriving at these estimates, officers have included several items including:
- Inflation across various cost types
 - General government grant reductions (estimated 40% (37% real terms) over four years pre-CSR announcements)
 - Impact of existing budget pressures and savings
 - Implications of transfer of Concessionary Travel responsibility to the County Council.
 - Impact of VAT increase to 20% from January 2011
 - Initial estimates of reduced Waste Services costs due to Sort It+ rollout in other Districts
- 3.3 As per the agreed budget strategy, managers have been asked to focus on identifying 10% savings in 2011/2012, and to develop a longer term strategy for addressing the financial pressures expected to be faced over the subsequent four years.
- 3.4 Managers have considered various options to achieve budget savings in 2011/2012, and these 'Savings Delivery Plans' are included within this report. In addition to these, but separately reported on the agenda for this meeting, managers have submitted proposals for increases in fees and charges.
- 3.5 Alongside the above, managers and finance officers have continued detailed budget estimates work, and this will carry on over the next few weeks. This will include significant analysis of the CSR when the Provisional Settlement is announced, which is expected in early December (see below).
- 3.6 A further update on the budget gap position will be provided in the budget consultation packs issued to all councillors towards the end of December.

4 Comprehensive Spending Review (CSR)

- 4.1 On 20 October the Government delivered its headline announcements regarding the Comprehensive Spending Review (CSR). The CSR sets out **real terms reductions of 28% across local authority budgets** over the next four years.

- 4.2 The current MTFP assumptions are based on a 10% reduction each year for the next four years, so 40% in total (approx 37% in 'real terms'). Although the figures **nationally** are 28% over four years, district authorities have tended to fair less favourably than County and Unitary authorities in past grant settlements, and indications from government are that funding reductions will be weighted towards the earlier years. Rather than speculatively change the MTFP assumption at this stage, it is considered appropriate to wait for the detailed information expected with the Provisional Settlement announcement (late November / early December). There is a risk that government grant for 2011/2012 could fall below our current estimate in the earlier years of the MTFP, and could be reduced by more than 28% in real terms over the next four years.
- 4.3 The Government are releasing some financing information on a piecemeal basis. For example:
- Consultation on New Home Bonus, a prospective general grant income to local authorities linked to housing development, issued 12 November 2010.
 - Consultation on potential changes to Planning Fees regime, issued 15 November 2010.
- 4.4 The proposals and their potential financial implications will be reviewed to inform the Council's consultation response. It is hoped, but is not certain, that officers will be able to advise members in this regard in time for 2011/2012 Budget Setting.
- 4.5 The key message at this stage is that there is still a significant amount of uncertainty surrounding the overall funding from government in the form of general formula funding and other government grants.

5 Savings Targets and Delivery Plans

- 5.1 As part of the 2011/2012 Budget Strategy, Theme Managers were issued with Savings Targets totalling £1.134m. This report contains a range of options that are presented for Executive to consider which would include a combination of service reductions, efficiency savings, and other savings. Increases to fees and charges for services delivered by the Council, which would help to close the budget gap, are subject of a separate report on this agenda.
- 5.2 Continuing the approach from previous years, each saving has been considered for its "acceptability" in terms of both operational difficulty and public perception.
- 5.3 Details of the draft General Fund savings options are set out in Appendices B and D. As shown in the following table, if all of these were approved they would deliver savings of £1,169k (excluding Fees and Charges). Of this amount, Public Category items 1 and 2 would deliver £1,047k.

	Potential Savings £k	Budget Gap £k
Budget Gap at 21 October		1,151
Public Category 1 Items	593	558
Public Category 2 Items	454	104
Public Category 3 Items	122	(18)
Total Savings Identified	<u>1,169</u>	
Revised Budget Gap (assuming all savings are taken, not including fees & charges)		<u>(18)</u>

6 Corporate Scrutiny Comments

6.1 Corporate Scrutiny considered the savings options at its meeting on 18 November. Comments related to individual items from the plans are included with each Appendices A and C with this report.

6.2 The overall messages were

a) The fact that the Council has implemented the Core Council Review over the last 2-3 years means it is better prepared to face the tough financial challenges ahead than it would otherwise have been.

b) Items rated as Public Acceptability 3 are considered be less favourable for budget setting.

7 Housing Revenue Account (HRA)

7.1 No formal savings target has been issued to the HRA revenue budget, and no savings options have been identified.

8 Finance Comments

8.1 This is a finance report and there are no additional comments.

9 Legal Comments

9.1 Managers have considered and taken into account any legal implications of the suggested savings presented in this report.

10 Links to Corporate Aims

10.1 The budget for 2011/2012 will have links to the Corporate Aims.

11 Environmental and Community Safety Implications

11.1 Detailed proposals for meeting savings targets have considered environmental and community safety implications.

12 Equalities Impact

- 12.1 Detailed proposals for meeting savings targets have included consideration of any equality impacts in order to ensure that the Council meets its statutory obligations.

13 Risk Management

- 13.1 Detailed proposals for meeting savings targets will consider risk to Taunton Deane Borough Council.

14 Partnership Implications

- 14.1 Southwest One delivers Financial Services to the Council, including accountancy advice, which directly contributes to the production of the MTFP and budget estimates.
- 14.2 Where budget options impact on services delivered to or on behalf on the Council by strategic partners (e.g. Tone Leisure) these are clearly presented within the report.

15 Recommendations

- 15.1 Executive is recommended to:
- (a) Note the update for the Medium Term Financial Plan and Budget Gap; and
 - (b) Be minded to approve Public Acceptability Items rated as 1 and 2, subject to potential revisit when the detail of the Comprehensive Spending Review and Provisional Local Government Finance Settlement is received.

Background Papers

Corporate Scrutiny 21 October 2010 - Budget Strategy 2011/12

Corporate Scrutiny 18 November 2010 – MTFP Update and Savings Plans 2011/12

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Appendix A

Comments from Corporate Scrutiny for Appendix B Savings Plans – Non-Confidential Items

Ref	Comments
T1-07	Concerns were raised about the consequences of a proposed move to daytime meetings, as it would be difficult for people that work during daytime office hours to attend and therefore fulfil councillor duties.
T1-09	Concerns were raised about the public face of the mayoralty where people are expecting to see the chain.
T2-03	Questioned whether it was wise for TDBC to be reducing funding for Tourism considering links to local economy.
T2-06 to T2-09	Concerned about the proposals to reduce funding proposed and the possible consequences on the local environment.
T3-03	Raised concerns about public safety in and around the Station Road toilets, and suggested that these toilets be included in the proposals for toilet closures.
T3-06	Concerns raised about the detrimental impact of SCC budget cuts in related to grass-cutting in the Borough, and Members have asked for clarification of what level of service would be after this reduction? It is estimated this would be 5 cuts per year in total, rather than the current 8. The DLO would need to invest in alternative machinery in order to cope with the change in frequency of cutting (c.£4k).
T3-08	Concerns were raised about the loss of income for the DLO Nursery with this savings option, particularly in view of the previous investment by the Council to relocate the Nursery to new grounds.
T3-10	Suggested that Tree Maintenance works could be changed from Public Acceptability 2 to 3, as there was concern about possible risk of higher costs in future years if maintenance works are reduced.
T4-01 & T4-02	Concerns were raised about possible increased risk of anti-social behaviour and impact on community safety if funding in youth initiatives and PCSO is reduced, particularly in view of SCC cuts to PCSO funding.
T4-05	Concerns were raised about proposed cuts in discretionary arts funding although it was clarified that funding for existing service level agreements would remain.
T4-09 or T4-10	In this either/or option, the cessation of the taxi voucher scheme was supported as was the proposed investment in enhanced alternative provision as the Slinky Bus service provides a valuable service based on individual need.

TAUNTON DEANE BOROUGH COUNCIL - DETAILS OF SAVINGS OPTIONS 2011/12

Theme Mgr	Ref	Portfolio	Service Area	Description	Value of Savings		1-Easy 3-Hard		Further Information
					£ 2011/12	£ 2012/13	Operational Difficulty	Public Acceptability	
SL	T1-01	Communications & Community Leadership	Strategy	LDF Inspection Reserve Stop transfer to reserve in 2011/12 for one year.	32,240	-32,240	1	1	The Reserve Balance is projected to be £328,000 in April 2011, which is considered sustainable.
RS	T1-02	Corporate Resources	Client & Contract Management	Performance & Client Operating Costs Remove Technical Support and Publicity budgets, and reduce Stationery budget.	8,390		1	1	Budgets reductions are sustainable for current service requirements
RS	T1-03	Corporate Resources	Client & Contract Management	Organisational Development (OD) Strategy Reduce OD salary budget from £22,000 to £5,000. Remaining budget used for external advice/expertise.	17,000		1	1	Future strategy updates undertaken by strategic directors, with external expertise bought in as required. Retained HR Officer monitors delivery of OD Strategy & Plan.
RS	T1-04	Corporate Resources	Client & Contract Management	HR Strategy Staffing Costs Remove agency payments budget	3,260		1	1	Budget no longer required.
TM	T1-05	General Services	Legal & Democratic	Cost of Democracy Remove budgets for flowers/shrubs £2650 and Uniforms £700	3,350		1	1	Savings against budgets for: Flowers/shrubs by £1650 (leaving a budget of £1000; Uniforms by £700; other office costs by £1,000.
TM	T1-06	General Services	Legal & Democratic	Cost of Democracy Cancel printed yearbook and diary for Members	1,500		1	1	Key Dates and Contact information to be made available more efficiently e.g. via Members Portal.
TM	T1-07	General Services	Legal & Democratic	Cost of Democracy Move to daytime board/committee meetings	5,400		2	3	Direct Legal and Democratic Service savings related to moving to daytime meetings.
TM	T1-08	General Services	Legal & Democratic	Democratic Services Cancellation of various newspapers	400		1	1	Cancellation of various newspapers within Legal & Democratic Services, and use alternative news channels.
TM	T1-09	Corporate Resources	Legal & Democratic	Mayoralty Costs Reduction in use of the Sergeant of Mace.	3,000		1	2	Reduction in use of the Sergeant of Mace for Mayoral duties.
Theme 1 Totals					74,540	-32,240			

TAUNTON DEANE BOROUGH COUNCIL - DETAILS OF SAVINGS OPTIONS 2011/12

Theme Mgr	Ref	Portfolio	Service Area	Description	Value of Savings		1-Easy 3-Hard		Further Information
					£ 2011/12	£ 2012/13	Operational Difficulty	Public Acceptability	
TB	T2-01	Economic Development & Arts	Economic Development & Regeneration	Economic Development Service Realignment of Economic Development budget to focus on agreed priorities	15,000		2	2	Focus on agreed priorities: 1. Building strong links with businesses in order to stimulate investment and growth; 2. Ensuring a skilled and entrepreneurial workforce, including addressing issues of unemployment within the Borough's more deprived communities; 3. Creating an attractive business environment and ensuring that the Borough has the necessary infrastructure that will enable investment.
TB	T2-02	Economic Development & Arts	Economic Development & Regeneration	Taunton Town Centre Company 10% reduction in contribution	5,000		1	2	Equivalent budget saving passed on to third party provider.
TB	T2-03	Economic Development & Arts	Economic Development & Regeneration	Tourism Reduce budget for tourism costs; retain £10k annual contribution to Somerset Tourism Partnership	10,000		1	2	TDBC will continue to commit to marketing Taunton Deane as part of Somerset to visitors and tourists, supporting and strengthening the Borough's tourism industry. Council has limited capacity to deliver tourism promotional work, so this reduction will not impact on service delivery.
TB	T2-04	Planning Policy & Transportation	Heritage & Landscape	Conservation Specialist conservation support to another Authority	8,000		2	1	This will involve TDBC providing Specialist Conservation support for one day per week via a Service Level Agreement.
TB	T2-05	Planning Policy & Transportation	Heritage & Landscape	Quantock Hills AONB Reduce contribution to service to £12,000	4,500		1	2	The reduction in funding would bring the contribution in line with that made to Blackdown Hills AONB.
TB	T2-06	Planning Policy & Transportation	Heritage & Landscape	Somerset Waterways Management Partnership Withdraw grant	3,000		1	2	Heritage and Landscape is not identified as a priority area for investment and whilst there are benefits from the work undertaken, its work is not directly supporting the Council's corporate priorities.
TB	T2-07	Planning Policy & Transportation	Heritage & Landscape	Somerset Landscape Scheme Withdraw funding	3,000		1	1	Contribution no longer required as scheme closed and is not directly linked to Council's corporate priorities
TB	T2-08	Planning Policy & Transportation	Heritage & Landscape	Somerset Hedge Group Withdraw funding	500		1	1	This funding is no longer seen as a priority for this Council as it is not directly linked to any of the Council's corporate priorities. Continue to provide officer support.
TB	T2-09	Planning Policy & Transportation	Heritage & Landscape	Tree Warden Scheme Withdraw funding	500		2	3	Supports Parish Councils to manage trees within their area. Whilst Landscape services have not been identified as a priority area for investment, this small grant represents good value for money.
Theme 2 Totals					49,500	0			

TAUNTON DEANE BOROUGH COUNCIL - DETAILS OF SAVINGS OPTIONS 2011/12

Theme Mgr					Value of Savings		1-Easy 3-Hard		
	Ref	Portfolio	Service Area	Description	£	£	Operational Difficulty	Public Acceptability	Further Information
					2011/12	2012/13			
CH	T3-01	Environmental Services	DLO Highways & Cleansing	Public Conveniences - West Somerset Railway (Bishops Lydeard) Income from WSR towards running cost of public toilet facility	5,250		1	1	The facility is positioned right next to the West Somerset Railway and would appear to only be used visitors to this attraction. Contributions to this service are expected to start in January 2011
CH	T3-02	Environmental Services	DLO Highways & Cleansing	Public Conveniences Reduce frequency of cleansing routine across whole stock, and reduce Cleaner team from 3 staff to 2.	25,000		2	3	One post currently filled on agency basis. The scale of saving is dependent on closure of some toilets (options below) so that work scheduling and staff deployment is optimised. This could lead to an increase in complaints.
CH	T3-03	Environmental Services	DLO Highways & Cleansing	Public Conveniences Close public toilets at Milverton Recreation Ground and Creedwell Orchard, and dispose of buildings.	2,500		1	3	Public concern over the closure of these facilities is likely, saving will only be fully realised if we are able to dispose of the buildings as the Authority will remain responsible for their upkeep otherwise.
CH	T3-04	Environmental Services	DLO Highways & Cleansing	Public Conveniences Reduce budget for building repairs	10,000		1	2	Considered sustainable based on current stock condition.
CH	T3-05	Environmental Services	DLO Parks & Grounds Maintenance	DLO Management Costs Efficiency introduced through Internal Transformation interim management restructure.	65,000		1	1	Interim structure results in vacant posts thus reducing DLO overheads (a proportion of this may benefit the HRA).
CH	T3-06	Environmental Services	DLO Parks & Grounds Maintenance	Highways - Grass Cutting Hand back highways grass cutting to Somerset County Council.		8,000	3	3	Full savings not available until 2012/13 due to notice period. Net savings from reduced costs (£20k) less income (£12k).
CH	T3-07	Sports, Parks & Leisure	DLO Parks & Grounds Maintenance	Car Parking Charges Introduce charging at Courtlands Road, Wellington	14,000		2	3	Free public parking is currently available. This option would incur some initial set up costs and ongoing operating costs (cash collection, enforcement).
CH	T3-08	Sports, Parks & Leisure	DLO Parks & Grounds Maintenance	Parks and Open Spaces - Bedding Plants Reduce bedding planted areas and replace with lower maintenance surface.	15,000	5,000	3	3	For the DLO this would require a reduction in agency staff for annual bedding planting, and would reduce income to the Nursery with fewer plants bought by TDBC Parks service. This will have an effect on our ability to be as successful in Britain in Bloom.
CH	T3-09	Sports, Parks & Leisure	DLO Parks & Grounds Maintenance	Parks and Open Spaces - Shrub beds Replace some shrub beds with a lower maintenance surface	5,000	5,000	2	2	For the DLO this would be achievable by reducing use of agency staff associated with shrub bed maintenance.
CH	T3-10	Sports, Parks & Leisure	DLO Parks & Grounds Maintenance	Tree Maintenance Reduce tree maintenance works, focussing on urgent works and health and safety interventions	20,000		2	2	For the DLO this is achievable by reducing the team of tree surgeons from 6 to 5, by not filling a vacancy following a retirement. There is a risk that reduced proactive maintenance may lead to greater demand for urgent works or interventions.

TAUNTON DEANE BOROUGH COUNCIL - DETAILS OF SAVINGS OPTIONS 2011/12

Theme Mgr	Ref	Portfolio	Service Area	Description	Value of Savings		1-Easy 3-Hard		
					£ 2011/12	£ 2012/13	Operational Difficulty	Public Acceptability	Further Information
Theme 3 Totals					161,750	18,000			
JB	T4-01	Communications & Community Leadership	Community Projects	Youth Initiatives Fund Remove one-off allocation from Youth Initiatives Fund	5,000		1	3	The budget in 2010/11 included £15k as a one-year approval. £10k falls out as it was a one-off use of reserves. This item removes the remaining one-year allocation from the Base Budget, leaving £15k as the budget for 11/12 funded by Special Expenses Rate.
JB	T4-02	Communications & Community Leadership	Community Safety	Contribution to Police Authority Removal of funding equivalent to one PCSO	29,500		1	2	Removal of TDBC contribution that effectively funds one PCSO out of the high number of PCSO's directly funded by the police. Not a core funding requirement for TDBC.
JB	T4-03	Communications & Community Leadership	Community Safety	Community Safety - CCTV <i>[Saving amount on top of T4-04 below]</i> Reduction in funding and /or coverage of CCTV by 10%	10,940		1	3	Reduce CCTV coverage by 10%. Current stock = 60 cameras. Reduction would be carefully targeted to lower risk areas.
JB	T4-04	Communications & Community Leadership	Community Safety	Community Safety - CCTV <i>[See also T4-03 above]</i> Reduction in coverage of CCTV	11,660		1	1	Reduce CCTV coverage in Multi Storey Car Park when closed at night.
JB	T4-05	Economic Development & Arts	Community Projects	Discretionary Arts Grants Reduction in annual Arts Grant budget	15,010		1	2	This is funding for project activities that organisations currently bid for and are awarded at the Council's discretion. This reduction would result in the budget standing at £20,000.
JB	T4-06	Environmental Services	Cemeteries & Crematoria	Crematorium and Cemeteries Service Workforce restructuring	37,000		1	1	Service restructure is progressing following Portfolio Holder agreement. New structure will be operational this year.
JB	T4-07	General Services	Various	Core Council Review - Theme 4 Savings on staff costs higher than previously estimated	50,280		1	1	Some of the CCR changes arose after the 2010/11 Budget was approved. These surplus savings can be taken from the Base Budget in 2011/12.
JB	T4-08	Sports, Parks & Leisure	Sports Development	Tone Leisure Reduction in annual Contribution to Tone Leisure	45,000		2	1	Approximately 10% reduction in contribution. Tone Leisure are actively reviewing opportunities to reduce costs/raise income to meet this target including increasing fees and charges by an average of 2.9% and reviewing their management structure.

TAUNTON DEANE BOROUGH COUNCIL - DETAILS OF SAVINGS OPTIONS 2011/12

Theme Mgr	Ref	Portfolio	Service Area	Description	Value of Savings		1-Easy 3-Hard		Further Information
					£ 2011/12	£ 2012/13	Operational Difficulty	Public Acceptability	
JB	T4-09	Planning Policy & Transportation	Community Projects	Concessionary Taxi Voucher Scheme <i>[Saving amount on top of T4-10 below]</i> Cancellation of the scheme with no investment in alternative to concessionary bus travel	30,000		1	3	Statutory Concessionary Travel responsibility transfers to SCC from April 2011. This discretionary Voucher Scheme (administered by SCC for TDBC), should it continue, will need to be re-cast for next year due to changes in legislation and this will result in significant work to change. In view of transfer of the statutory scheme, the removal of this discretionary scheme is considered appropriate at this time.
JB	T4-10	Planning Policy & Transportation	Community Projects	Concessionary Taxi Voucher Scheme <i>[See also T4-09 above]</i> Cancellation of the scheme and enhance alternative provision for vulnerable people.	42,000		1	2	Statutory Concessionary Travel responsibility transfers to SCC from April 2011. This discretionary Voucher Scheme (administered by SCC for TDBC), should it continue, will need to be re-cast for next year due to changes in legislation and this will result in significant work to change. In view of transfer of the statutory scheme, the removal of this discretionary scheme is considered appropriate at this time, with a contribution for an extension of the Slinky bus service for vulnerable people to provide a more comprehensive service to rural areas where "public transport" is not available.
Theme 4 Totals					276,390	0			
PJ	T5-01	Corporate Resources	Corporate Management	Use of Earmarked Reserves Use of HPDG Earmarked Reserves to fund Director support for Project Taunton and Growth agenda in 2011/12 (One-off item)	77,900	-77,900	1	1	This represents judicious one-off use of accumulated HPDG funds to reflect Directors' focus on Project Taunton and Growth priorities.
PJ	T5-02	Corporate Resources	Corporate Management	Corporate Management Costs Updated assessment of the HRA share of Corporate Management and DLO Transformation Costs	154,000	-22,000	1	1	The HRA share of corporate management costs has been reassessed to reflect updated estimates of current and planned leadership focus on the HRA, and the HRA's share of one-off DLO Transformation costs.
Theme 5 Totals					231,900	-99,900			
SA	TC-01	Corporate Resources	Other Operating Costs	Revenue Funding of Capital Projects Managed reduction of capital programme to remove requirement for revenue funding of recurring schemes	190,000	-190,000	2	2	Removal of revenue contribution for one year through a managed reduction in the capital programme and/or use of alternative capital resources.
Other Items Total					190,000	-190,000			
GRAND TOTALS					984,080	-304,140			

TAUNTON DEANE BOROUGH COUNCIL - DETAILS OF SAVINGS OPTIONS 2011/12

Theme Mgr	Ref	Portfolio	Service Area	Description	Value of Savings		1-Easy 3-Hard			
					£ 2011/12	£ 2012/13	Operational Difficulty	Public Acceptability	Further Information	
					Operational Difficulty					
					1	641,180	-132,140			
					2	327,900	-185,000			
					3	15,000	13,000			
						<u>984,080</u>	<u>-304,140</u>			
					Public Acceptability					
					1	523,730	-132,140			
					2	352,010	-185,000			
					3	108,340	13,000			
						<u>984,080</u>	<u>-304,140</u>			