

Executive (Budget) - 16th November 2006

Report Title: Efficiency Savings & Growth Bids

1. Introduction

This report outlines the current position of efficiency savings & growth bids as part of the 2007-08 Budget process and is work in progress at this stage.

Efficiency savings & growth (quantitative and/or qualitative developments) are applied to the base budget outlined in Report 8b to complete the 2007-08 Revenue budget picture.

These items are in essence, the financial expression of changes in the Council's priorities as part of the revisions to the corporate plan.

2. Background

The financial challenge that the Council faces going forward as outlined in Report 8a, is tough. In order to move away from our reliance on reserves we must generate significant efficiency savings in order to cover our known operating deficits and create a surplus which we can use to fund the most pressing of our development needs.

The closing of the funding gap starts in the current year. Anything that can be done to minimise the over spend in 2006-07 will leave our general reserves position in a more healthy state starting 2007-08.

A spending freeze has been implemented across the Council for all discretionary expenditure the result of which should see a slowdown in the rate of this spend which will reduce the forecast over spend. Management have been asked to forecast their likely under spends & have identified approximately £516.7k as of Monday night leaving a forecast deficit of at the moment of c. £273.3k. (see Annex 1)

3. 2007-08 Efficiency Savings Target

Management has been asked to find £1 million of efficiency savings on a recurring basis from 2007-08 to enable this to happen. The table below illustrates the method used to arrive at a target for each business area.

	Gross Target 1 £000's	Net Target 2 £000's	Recommended Midpoint Target 3 £000's	2006-07 Gross Base £000's	2006-07 Net Base £000's
Chief Executive	4.1	12.1	8.1	225.6	225.6
C & E	219.0	412.0	315.5	12,107.8	7,681.9
C & A	111.9	198.5	155.2	6,185.5	3,701.3
Corporate	112.8	136.1	124.5	6,237.7	2,538.3
C S	470.3	160.6	315.4	26,000.9	2,994.0
Planning	81.9	80.6	81.3	4,530.8	1,503.3
Check	1,000.0	1,000.0	1,000.0	55,288.3	18,644.3

The impact of achieving this target would generate the following surplus for re-investment:

Year	Re-investment Surplus
	£000's
2007-08	58.3 *
2008-09	TBA
2009-10	TBA

* see Report 8b – Annex 1 for details (£941.7k deficit before savings & growth)

£402.4k has been identified so far, leaving a target of £597.6k (2008-09 £437.4k; 2009-10 £414.4k) (see Annex 2)

The gap remaining of £597.6k will be eroded by a combination of the following measures whilst always putting the new Corporate Plan priorities at the heart of the decision-making process:

	Strategic areas	Examples
1	External income – Government	<ul style="list-style-type: none"> • General Grant, RSG and LAGBI [no income assumed 2007-10] • Specific grants • Lyons Enquiry • Spending Review 2007
2	External income – Council controlled	<ul style="list-style-type: none"> • Council tax [assumed at 3%] • Fees and charges – new charges; annual up-rating; commercial review • S106 agreements. • Debtors system
3	Efficiency gains	<ul style="list-style-type: none"> • Council Tax – bring forward the instalment date; reduce the 2nd Homes discount; reduce the non-collection rate • Arrears reduction • Staff re-organisation • Procurement • Estate review • Benchmarking • Invest to save • Partnering – shared or outsourced
4	Cuts	<ul style="list-style-type: none"> • Focus on Council priorities • Reduce standards • Stop doing things

4. Revenue Growth Bids

The business submitted 56 bids to Finance totalling £2.691 million. These were forwarded to CMB members for discussion.

The Executive need to be aware that most bids will not receive funding given the adverse financial position the Council is in.

A de-minimis level of over £10k was set at the meeting to reduce the large number of bids i.e. all bids £10k or under (10) are to be met within existing resources.

Some submissions (6) were cost pressures from within existing budgets & are included in the base budget (Report 8b)

There was 1 bid which was deemed a virement between service areas & 1 saving!

The remaining 38 bids totalling £1.717 million were scored by all CMB members against the existing & the new Corporate Plan priorities using the scoring matrix in the table below.

	Score
Meets Legal Requirements	10
Corporate Plan Delivery	30
Asset Management Plan	10
Increase Income / Reduce Costs	10
Attracts Partnership Funding	10
Service Improvement	10
Supports Environmental Sustainability	10
Business Critical	10

5 bids were deemed business critical & will, subject to Executive approval, receive first call on any surplus if generated by efficiency savings. They are:

Bid	Description	Value
16	Stock Condition Survey	£12k
22	Canvassers (£16k FYE)	£15k
36	Rudloe Community Centre	£29k
39	Pay & rewards resource (Non recurring)	£40k
49	CRM, BPR & Workflow (Review cost)	£68k
	Total	£164k

The remainder of the bids have been sorted in highest score order but, are parked until additional funding can be identified for them. A list will be circulated to members before the Executive on Thursday.

5. The Next Steps

- To continue the good work already undertaken in bringing the 2006-07 position in on budget.
- To find the balance of the £1 million efficiency savings target

Documentation used in the preparation of this report:

Report 8c – Annex 1 2006-07 Under Spend Position
 Report 8c – Annex 2 2007-08 Efficiency Savings
 List of Business Critical & “Parked” Priority Growth Bids (to follow)

**REPORT OF THE CORPORATE SERVICES STRATEGIC MANAGER TO THE
EXECUTIVE (BUDGET) – 16th November 2006**

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