

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR/S: Senior Management Team

13 January 2011

FUTURE SPENDING PRESSURES AND SAVINGS OPTIONS

Purpose

1. To note the proposed inclusion of the future spending pressures and savings options in the revenue and capital estimates for 2010/11 and in the Medium Term Financial Strategy (MTFS).
2. This is a report for information in response to the Cabinet decision at its September meeting.

Recommendations

3. It is recommended that Cabinet **NOTES**:
 - (a) the future spending pressures and savings options set out in **Appendices A and B** for inclusion in the revenue and capital estimates for 2011/12 and in the Medium Term Financial Strategy; and
 - (b) that the Private Sector House Condition survey at an estimated cost of £60,000 in 2011/12 and £10,000 each year thereafter be financed from savings within the Environmental Services Portfolio.

Reasons for Recommendations

4. The determination of these spending pressures and savings options at this stage will allow them to be included in the MTFS to be reported to Cabinet at its February meeting. It will then allow that meeting to concentrate on other strategic decisions such as council tax levels, adequacy of reserves and New Homes Bonus.

Background

5. Cabinet agreed at its September meeting "to instruct the Executive Management Team, as part of the service planning process, to consider potential savings options to meet the savings targets set out in the MTFS; and to instruct Senior Management Team to quantify and rank in priority order future spending pressures identified through the service planning process so that more accurate figures can be included in the MTFS".

Considerations

6. The MTFS for 2011-16 was last reported to Cabinet on 9 September. It was acknowledged at that time that the figures were almost certain to change substantially as this was before the announcement of the Spending Review on 20 October, and of the consultations on New Homes Bonus on 12 November and the Local Authority Financial Settlement (which determines the general grant to local authorities known as Formula Grant) on 13 December.

7. The MTFS reported in September included:
 - (a) a provision for spending pressures due to population growth, etc., of £300,000 per annum from 2012/13, i.e. a total of £3.153 million over the period; and
 - (b) a provision for savings of £1.200 million per annum in a full year starting on 1 October 2011.
8. Inescapable spending pressures were considered by the Executive Management Team on 24 November and are shown in Appendix A. The inescapable spending pressures are £159,000 in 2011/12 rising to £345,000 in 2015/16. As the proposed expenditure has turned out to be much lower than the provisional amount of £300,000 per annum, the proposed expenditure has not been ranked in order of priority.
9. Appendix A does not include a bid for the Private Sector House Condition Survey at a cost of £60,000 in 2011/12 and £10,000 each year thereafter. This relates to the employment of consultants to undertake a survey, which should improve decisions and strategies. It was originally in the estimates and then was taken out as a saving. The recent Audit Commission inspection highlighted the need for such a survey.
10. The savings proposals are shown in Appendix B. The first page shows the previous savings proposals have not been achieved by an amount of just over £200,000 and the second page shows new savings proposals / income generation of around £800,000, giving net savings of £687,000 in 2012/13, £831,000 in 2013/14, £858,000 in 2014/15 and £880,000 in 2015/16.
11. Detailed plans to achieve the targets set out at Appendix B are now being developed by Executive Management Team. In anticipation of this, Senior Management Team have met with officers from Improvement East with a view to seeking their support in financing some of the investment required to deliver the projects. Endorsement of this approach will be sought from Cabinet at their meeting in February.
12. Executive Management Team consider that the proposals as a whole do not impact on front line service delivery and should be pursued regardless of the financial position of the Council.
13. Appendices A and B need to be considered together as a lower level of inescapable spending in Appendix A reduces the need for savings in Appendix B. The combined position is shown in **Appendix C** which shows a shortfall with savings being less than spending by £349,000 in 2011/12 moving to savings being in excess of spending by £535,000 in 2015/16 as the rate of projected growth in spending is much lower than the original accumulating increase of £300,000 in 2012/13, £615,000 in 2013/14, etc.
14. Over the five-year period, the reduction in inescapable spending almost equals the shortfall in identified savings, the cumulative difference being a minimal £80,000 favourable net position.

Options

15. The proposed expenditure is considered to be inescapable and most of the savings proposals are efficiencies, which should always be pursued. Options over increases in council tax, assumed future levels of New Homes Bonus from 2012/13 onwards, level of reserves, etc., will be considered at the Cabinet meeting in February.

Implications

16.	Financial	As above and to be considered in February
	Legal	None
	Staffing	Not yet identified
	Risk Management	Addressed by having a five year MTFS which takes a prudent view of the financial risks facing the Council
	Equality and Diversity	None
	Equality Impact Assessment completed	No To be reflected in service plans
	Climate Change	None

Consultations

17. None.

Effect on Strategic Aims

18. The MTFS determines the resources available to the Council to continue to provide General Fund services and to achieve its strategic aims as far as possible within the current financial constraints.

Conclusions / Summary

19. The determination of these spending pressures and savings options at this stage will allow them to be included in the MTFS to be reported to Cabinet at its February meeting.

Background Papers: the following background papers were used in the preparation of this report:

Cabinet report on "Setting the budget and policy framework ..." 09 September 2010
Outline business cases for inescapable growth

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