

## ENVIRONMENT SELECT COMMITTEE – 25 OCTOBER 2011

### 2012/13 BUDGET & REVIEW OF SERVICE PLANS

Also considered by: Social Affairs Select Committee – 1 November 2011

Services Select Committee – 8 November 2011

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Decision

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**Executive Summary:** This report sets out proposals for updates to the 2012/13 budget within the existing framework of the 10 year budget and 4 year savings plan. Service pressures are identified for Members information to be managed within the existing budget framework. The report also identifies growth items, that are outside of the current Financial Plan.

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This report supports all the Council's Key Aims.

**Portfolio Holder** Cllr. Ramsay

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#### **Recommendation:**

The Committee's view and comments are sought to inform the draft budget decisions to be made by Cabinet at its meeting on 8 December 2011.

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#### **Background**

- 1 In December 2010 Members approved a balanced 10 year budget to 2020/21 and a four year savings plan incorporating £4.2million of savings to the end of 2014/15. It is pleasing to report that as the Council has a 10 year balanced budget new growth items for 2012/13 are limited to just £46,500.
- 2 The following reports have been presented to Cabinet to start the budget setting process for 2012/13:
  - Financial Prospects Report; and
  - Budget Timetable.
- 3 On 15 November Performance & Governance Committee will also receive the Financial Prospects Report and in addition a report on the Budget Strategy.

#### **Introduction**

- 4 This report presents members with the following documents relating to the budget for 2012/13:
  - Priority Matrix (Appendix A);
  - Summary of Service Plans (Appendix B);

- The Council's agreed 4 year savings plan (Appendix C);
- List of Service Pressures identified by Officers for 2012/13 (Appendix D); and
- Growth Items and where required Service Change Impact Assessment forms (SCIAs) for this Select Committee (Appendix D).

### Priority Matrix

- 5 The Priority Matrix is provided at Appendix A for Members information to assist in evaluating budget variations requested by Heads of Service and forming recommendations for savings.
- 6 The Priority Matrix is the tool by which the Council prioritises its services. The Priority Matrix is just one element of the budget setting process that can be used to support decision making within this challenging financial climate and eases the process of shifting resources from non-priority areas. The movement of resources from non-priority to priority areas has been an essential tool in achieving the District Council's aims and priorities.
- 7 The current Priority Matrix was reviewed and agreed by Cabinet in September 2010. It prioritises services by scoring them against each of the following criteria:

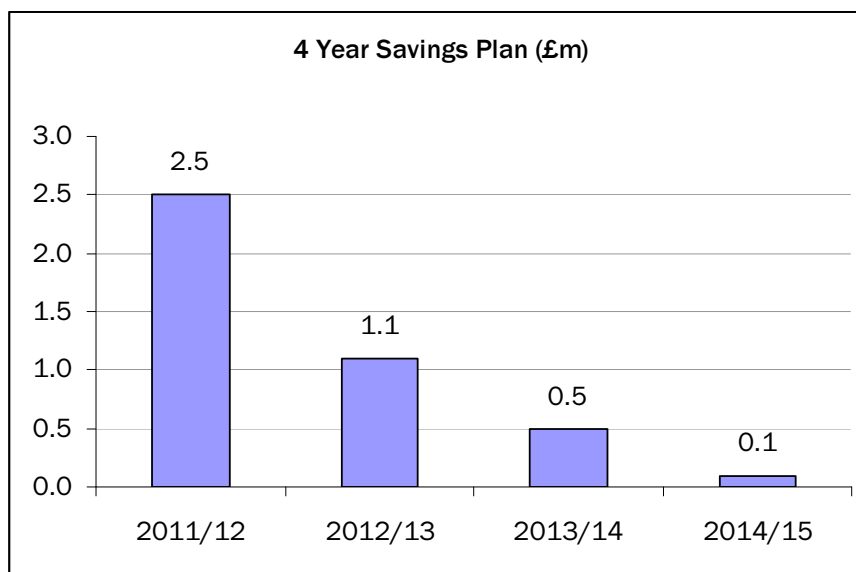
Priority Matrix Criteria
Community Plan – the extent to which that service contributes to the delivery of the Community Plan
Obligatory or discretionary – services which are wholly or partially a statutory requirement
Social inclusion – the extent to which the service assists in improving social inclusion
Service to the whole District – gives points to those services that are available to all in the District
Shared Service – gives points to services that operate as or have plans or potential to operate as shared services
Ability to earn income – points awarded according to the significance of the value of income raised in relation to the cost of that service
LDF – the extent to which that service contributes to the delivery of the Local Development Framework
Balanced Communities – the extent to which that service contributes to the Balanced Communities agenda

## Summary of Service Plans

- 8 On an annual basis Managers of each of the Council's services sets out their objectives for the coming year within their Service Plan. The Service Plans and the objectives Managers set form the basis for decisions about performance indicators to be used to measure progress and an assessment of the operational risks that may prevent objectives being achieved. Service Plans are directly aligned to the Council's priorities and the resources available to deliver the service.
- 9 Set out at Appendix B is a summary of Service Plans. These include only those services directly relevant to this Select Committee. They are provided for Members information to assist in evaluating the pressures faced by services in setting the 2012/13.

## 4 Year Savings Plan

- 10 Appendix C to this report sets out the savings plan, approved by Council in February 2011, which is allowing the Council to deliver a 10 year balanced budget. The savings plan requires a total of £4.2 million to be saved between 2011/12 and 2014/15. The proportion of those savings required in each year are set out below.



## Service Pressures

- 11 Appendix D to this report lists the potential service pressures identified by Officers for 2012/13. These pressures are provided for Members information and are currently being assessed by officers. These service pressures will be managed within the existing budget framework.
- 12 Service pressures are items that are in addition to non-service issues and risks, such as grant settlements, impacts of economic change and other pressures highlighted in the Financial Prospect report considered by Cabinet on 13 October 2011.
- 13 For 2012/13 the identified service pressures total £130,000 and comprise:

- Environment Select – Building Control (£20,000) – An estimated short fall in income as a result of the continued difficulties in the economic climate;
- Social Affairs Select – CCTV (£30,000) – The Council has identified £20,000 of additional income against a target of £50,000. Shortfall expected as the Police currently make a nil contribution;
- Services Select – Housing Benefits (£50,000) – The poor state of the economy and increasing numbers of unemployed have generated a significant and sustained increase in workload. To manage this workload in to the future the Council may be required to make a contribution to the increased costs to the service;
- Services Select – Direct Services Fuel Costs (£30,000) – The current price of fuel is above the anticipated level. If this increased price continues in to the coming year pressure will be placed on the service budget.

### Growth Items

- 14 Variations to the current 10 year budget and four year savings plan proposed by officers for 2012/13 are set out at Appendix D to this report. These are growth items were unforeseen at the time of agreeing the existing budget and are therefore outside of the current Financial Plan. If approved, the total value of growth items, £46,500, will need to be matched by corresponding savings elsewhere in order to achieve a balanced budget for 2012/13.
- 15 Where growth items fall within the remit of this Select Committee they will be accompanied by Service Change Impact Assessments (SCIAs). These set out the implications of each proposed growth item. Completed by the Head of Service importantly they highlight the impacts on and the risks to the service of the growth or savings item. This is important for Members to consider as it may have a detrimental impact on the quality of service delivered to the community or have an impact on the officers delivering the service. The table below summarises the growth items and supporting documentation that will be provided to each Select Committee.

Select Committee	Growth Item (s)	Value of Growth	SCIAs
Environment	None	Nil	No
Services	Benefits Admin & Members' IT Allowance	£46,500	# 1 & 2
Social Affairs	None	Nil	No

- 16 It is suggested that where required the Select Committee assesses the growth items listed in Appendix D that relate to services within their terms of reference and refers to the Priority Matrix, Summary of Service Plans and

SCIAs where further information is required to develop suggestions for compensating savings.

- 17 Views of the Select Committees on the growth items identified in these documents, together with their suggestions for possible savings, will be considered by Cabinet at its meeting on 8 December.

### **Financial Summary**

- 18 Growth items totalling £46,500 have been identified for 2012/13 which are outside of the existing approved 10 year budget. Where there is growth and extra costs that outweigh any proposed savings Members are asked to put forward options for savings to at least the corresponding value. Wherever possible these savings proposals should come first from Services within the Select Committees remit.
- 19 The savings plan at Appendix C and the summary of service pressures identified at Appendix D give Members an indication of the financial challenges being addressed by officers within the existing budget framework.

### **Key Implications**

#### Financial

- 20 All financial implications are included elsewhere in the report.

#### Community Impact and Outcomes

- 21 The SCIAs set out the potential impact on the community of variations to the agreed budget.

#### Legal, Human Rights etc.

- 22 There are no legal or human rights implications.

#### Resource (non-financial)

- 23 None

#### Value For Money

- 24 By assessing budget variations in light of the additional information provided within the Priority Matrix, summary of Service Plans and SCIAs enables Members to make decisions that deliver improved value for money from the resources available to the Council to deliver its services.

### **Risk Assessment Statement**

- 25 For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered.
- 26 Major service financial risks are included in the SCIAs and within the growth items listed at Appendix D. Financial risks are reviewed again when the Cabinet publishes its proposals for the annual budget.

**Conclusions**

- 27 Members' consideration and scrutiny of the relevant services is an essential and key process in the business and financial planning process. Any costs agreed which are outside the existing Financial Plan will require additional savings, and subsequent service changes, to ensure a balanced budget position.

**Sources of Information:**

Revenue Budget & Council Tax 2011/12 Report to Council – 16 December 2010

Financial Prospects & Budget Timetable report to Cabinet – 13 October 2011

Budget Strategy Report to Performance & Governance Committee – 15 November 2011

Financial Prospects Report to Performance & Governance Committee – 15 November 2011

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