

Meeting of Executive Members for City Strategy and Advisory Panel

11 December 2006

Joint Report of the Chief Executive and the Director of Resources

CHIEF EXECUTIVE'S DIRECTORATE REVENUE BUDGET ESTIMATES 2007/08

Summary

1. This report presents the 2007/08 budget proposals for the Chief Executive's Directorate. It includes:
 - the budget for 2006/07 (Annex 1) to show the existing budgets
 - the budget adjusted and rolled forward from 2006/07
 - the allocation of pay and price increases for the portfolio
 - budget service pressure proposals and savings options for the portfolio area (Annexes 2 and 3)
 - fees and charges proposals (Annex 4)
2. Budget Council will be held on 21 February 2007 and will make decisions on the overall budget for the Council. In order to facilitate the decision making process the Executive are meeting on 16 January to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation. The Executive Leader is therefore asked to consider the budget proposals and identify their preferences which will be considered by the Executive following consultation. EMAP is invited to provide comments on the budget proposals in this report.

Background

3. The Council's Medium Term Financial Strategy was adopted by the Executive on 11 July 2006. This paper is the result of ongoing work against this agreed framework.
4. The provisional Local Government Finance settlement for 2007/08 was included in the settlement papers for 2006/07 received in January 2006, which, alongside the 2006/07 settlement provided indicative figures for 2007/08. A consultative draft settlement for 2007/08 is expected by early December. However, it is not expected that there will be anything other than minor changes from the figures currently used.
5. The figures in the 2006/07 settlement indicated that the increase in government funding in 2007/08 nationally would be 4.0% but for York the

figure is 3.2% or an additional £1.192m. However, there is no guarantee that this allocation will not change when the final grant settlement is announced in late January 2007, although any changes are expected to be minor.

Budget Proposals for Chief Executives

6. A summary of the budget proposals is shown in Table 1 below. Further details on each individual element are presented in the subsequent paragraphs. The annexes also contain other potential growth and savings items which at this stage are not being recommended to Members.

Table 1 - Summary of Budget Proposals

	Para. Ref	£(000)
Base Budget 2007/08	7	4,682
Provision for pay increases	8	121
Provision for price increases	9	-2
Other Budget Pressures: Staff Increments	10	40
New expenditure/income due to grant and service transfers	12	0
Full year effect of 2006/07 growth and supplementary estimate items	14	9
Service Pressure proposals (Annex 2)	18	412
Savings proposals (Annex 3)	20	-214
Proposed Budget 2007/08		5,048

Base Budget (£4,682k)

7. This represents the latest budget reported to Members, updated for the full year effect of decisions taken during 2006/07, e.g. supplementary estimates.

Pay Inflation (£+121k)

8. These calculations are based on a pay increase for APT&C of 2.5%. The negotiations for the 2007/08 settlement have not yet concluded, although there is pressure from the Treasury that increases are kept under 2%.

Price Inflation (-£2k)

9. The budget proposes that, due to the underlying low rate of inflation, there is a general price freeze on most budgets. The amount allowed for price inflation is to fund known price increases, e.g. contract payments and fuel bills. This figure is a net figure. Fees and charges are generally increasing by 2.3%, but this is varied by directorates as part of growth/savings by national constraints/requirements. Where increases are proposed in excess of this the additional income is reflected in the savings totals offered. A full schedule of proposed fees and charges is shown at Annex 4.

Other Budget Pressures (+£40k)

10. These represent pressures over which the service has no influence, e.g. changes to funding and expenditure which are due to national policy initiatives or to, for example, the implications of the moving dates of Easter on service provisions.
11. Staff increments for the year are calculated as being £40k. This excludes increments for staff funded by external income / grants.

New Expenditure/Income due to Grant and Service Transfers (£0k)

12. In the provisional settlement there were several transfers between FSS and direct grant that have budgetary impact on the net cost of this portfolio.
13. There are no such assumed transfers for this portfolio.

Full Year Effect of 2006/07 Growth and Supplementary Estimate Items

14. Several growth items were approved in 2006/07 where there is a full year cost in 2007/08. In addition there are also full year costs of supplementary estimates granted where the expenditure only arose part way through the years.
15. In addition approval was given in 2006/07 for some one-off growth items where the cost was split partially in 2006/07 and partially in 2007/08. The 2006/07 element was funded by the use of Council's reserves.
16. The costs shown in table 2 below represent the additional funds needed in 2007/08.

Table 2 - Full Year Costs of 2006/07 Part Year Approvals

	£(000)
Additional Costs due to one-off Savings in 2006/07	
Reduction in working hours in Electoral Services	9
Total Full Year Costs	9

General Contingency

17. Members should note that there are potential expenditure pressures that may materialise in 2007/08 but which are not yet certain or not quantifiable at this stage. The issues are listed in Table 3 below and it is assumed that if they materialise then funding will be requested from the General Contingency.

Table 3 - Contingency Issues for 2007/08

	£(000)
Contingency Issues for 2007/08	
Local Elections 2007	20
Total	20

Service Pressures (£+412k)

18. In the Finance Strategy report to the Executive on 11 July 2006 a sum of £7.291m was included as the estimated amount that would be needed to meet increasing demand for services and to allow for reprioritisation of service provision.
19. A range of options for service pressure proposals has been considered and in view of the overall available resources it is proposed that only those proposals shown in Annex 2 are included in the consultation list as the preferred options for The Chief Executive's Directorate. The proposals put forward are the result of a rigorous assessment process, which included looking at the risk to customers and staff, legislative requirement, proven customer demand and the Council's corporate objectives.

Savings Proposals (£-214k)

20. Members will be aware that the 2006/07 budget savings were significant and that all Directorates are operating within a tight financial environment. In seeking to achieve savings for the 2007/08 budget Directorates have examined budgets with a view to identifying savings that have a minimum impact on the services provided to the public, customers and the wider Council. Instead they have concentrated on initiatives that;
 - improve quality and efficiency
 - take advantage of ongoing service and/or Best Value reviews
 - generate income
 - address budgetary underspends
 - improve cash flow and interest earnings
 - generate savings from the technical and financial administration functions of the Council
21. Annex 3 shows the full list of savings proposals for the Chief Executives Directorate. It also includes a number of alternatives savings options that have not been assumed within the figures above.
22. Member allowances were reviewed by an Independent Remuneration Panel in 2004 and the recommendations to amend the Members Scheme of Allowances of the IRP were considered and approved by Full Council on 9th November 2004. It is proposed to reconvene an IRP following the elections in 2007 to undertake a further review of the Scheme to take into account the new membership and changes implemented as part of the review of the Council's constitution. No amendments to the current scheme have been

assumed within the budget proposals, which will have kept at the same level for the third consecutive year.

Fees and Charges

23. The details of the proposed fees and charges for the services provided by this portfolio are set out in Annex 4. Where fees and charges increases are being set above the inflation requirement they have been included in Annex 3.

Consultation

24. This paper commences the Council's budget consultation, both in terms of formal discussions with the Business and Voluntary sectors, but also as a mechanism for the public to comment on the proposals made in the report. There has been discussion with the Unison regarding the savings proposals and they have been given the opportunity to comment. In relation to saving CXS11 Saving on Corporate facility time made available to the Trade Unions the following response has been made by Unison.

“UNISON hope the following comments on the budget proposal, to reduce corporate facility time by £6000 will be taken into consideration. We have not had an increase in our facility time budget for years, just the opposite, we have actually seen a decrease, as it has not kept pace with inflation.

The four general convenors are allocated 3 days each for corporate duties, and have been actively involved with job evaluation, with no reimbursement going back into the corporate budget, from the JE budget, held specifically for this purpose.

At present, part of the work done by two of our general convenors is paid for by HASS, but if a convenor is appointed in this directorate, the facility time will pass to them. This means in effect, the corporate facility time was actually cut last year, and the workloads of the general convenors has been excessive all year. HASS does need to have a dedicated convenor, as the directorate produces a lot of work for UNISON in terms of individual cases, and collective negotiation. If we have someone to stand for this convenor post, we require an assurance that the 3 days a week corporate facility time, will be restored for the two convenors currently covering the HASS work.

We are concerned that a reduction in corporate facility time will result in delays to consultation and negotiations, and as a result will end up costing more money than it saves. If a cut is forced upon us, our response may well be that we will be obliged to protect ourselves by only working the hours we are being paid for, taking lunch breaks, which we often work through at present, and generally resisting the constant pressure we are under from management, to agree to extra meetings at short notice, attending evening meetings etc. We currently work unpaid hours, over and above the time we are allocated, in order to get through the workload.

We think this could quickly lead to a serious backlog of work, delaying agreements on changes management want to implement. It would also mark a low point in industrial relations within the Authority, and think this should be avoided at all costs”

Options

25. Members of EMAP are asked for their comments or alternative suggestions on the investment and savings proposals shown in Annexes 2 and 3.

Analysis

26. All the analysis is provided in the body of the report and the annexes.

Corporate Priorities

27. The budget represents the opportunity to reprioritise resources towards corporate priority areas. The key priority within the Chief Executive Directorate is to lead forward the organisational effectiveness programme. It is hoped that the Restructure will provide suitable capacity to ensure this can move forward. The savings put forward should not jeopardise this key priority.

Implications

28. The implications are:
- **Financial** - the financial implications are dealt with in the body of the report.
 - **Human Resources** – the savings proposed equate to the loss of 2.4 full time equivalent posts.
 - a) Loss of one fte posts in Print Unit (2 part time posts) currently vacant
 - b) Loss of 0.5fte posts within Democracy Support currently vacant
 - c) Loss of 0.5fte posts within Civic Support Services
 - d) Loss of 0.4fte within Mansion House staff currently vacant

The CYC “Management of Change” Policy which outlines the Council’s procedure for dealing with redundancy and redeployment will be applied where reductions in staffing numbers are proposed. The procedure takes into account the impact of redundancy and observance of fair selection criteria.

- **Equalities** - there are no equality implications to this report
- **Legal** - there are no legal implications to this report
- **Crime and Disorder** - there are no specific crime and disorder implications to this report
- **Information Technology** - there are no information technology implications to this report
- **Property** - there are no property implications to this report
- **Other** - there are no other implications to this report

Risk Management

29. Key reporting mechanisms to Members on budget matters will continue to be through two mid-year monitoring reports and the final Revenue Outturn report for the year. These reports will also address the progress made on investments and savings included in the budgets.

30. The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

Recommendations

31. The Executive Member Advisory Panel is invited to provide comments on the budget proposals for consultation for 2007/08 contained in this report, which will be considered by the Executive on 16 January 2007.
32. The Executive Leader is asked to consider the budget proposals for consultation for the Chief Executive's Directorate portfolio for 2007/08 contained in this report and listed below and provide comments to be submitted to the Executive on 16 January 2007.
- 2007/08 Base budget as set out in paragraph 7
 - Service Pressure proposals as set out in Annex 2
 - Savings proposals as set out in Annex 3
 - Fees and Charges proposals as set out in Annex 4

Reason: As part of the consultation in setting the overall 2007/08 council budget.

Contact Details

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Report Approved



Date 30.11.06

Specialist Implications Officer

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Wards Affected:

All

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For further information please contact the author of the report.

Background Papers

Budget working files held in City Strategy Finance

Annexes

- Annex 1 - 2006/07 Budget
- Annex 2 - Service Pressure Proposals
- Annex 3 - Savings Proposals
- Annex 4 - Fees and Charges