

BABERGH DISTRICT COUNCIL

FROM: Strategic and Financial Planning
Task Group

REPORT NUMBER **K129**

TO: STRATEGY COMMITTEE

DATE OF MEETING 4 November 2010

INTERIM STRATEGIC AND FINANCIAL PLANNING REPORT

1. PURPOSE OF REPORT

- 1.1 To set out the financial context within which the Council's medium term planning is being undertaken and outline progress on this year's Strategic and Financial Planning work.
- 1.2 To update Members with the latest information that has been received on the Government's Spending Review announcement.
- 1.3 To determine areas for savings and efficiencies that should be included in the Draft Budget proposals for 2011/12.

2. RECOMMENDATIONS

- 2.1 That the Committee endorses the approach taken on the strategic direction in relation to developing savings proposals and achieving the appropriate balance between priorities and service provision set out in sections 5.11 and 5.12 of the report.
- 2.2 That the overall financial prospects for the Council's Budget for the years 2011/12 to 2013/14 as outlined in sections 5.13 to 5.16 of the report be noted.
- 2.3 That the current position on achieving further potential savings and efficiencies and how this will feed into the 2011/12 Budget, as set out in sections 5.17 to 5.25 of the report, and the conclusions in section 5.40 of the report are noted.
- 2.4 That the savings and efficiencies proposals set out in Appendix A are endorsed and, subject to further work on these and other potential areas being undertaken by the Strategic and Financial Planning Task Group, that these are incorporated in the Draft Budget proposals that are submitted to the Joint Overview and Scrutiny Committees on the 7th December 2010.
- 2.5 That Committee approves the proposed transfer of the Management of Sudbury Tourist Information Centre to Sudbury Town Council upon the terms set out in sections 5.26 to 5.29 of this report.

The Committee is able to resolve these matters.

3. **FINANCIAL IMPLICATIONS**

3.1 These are comprehensively set out in the report. In relation to the Sudbury Tourist Information Centre, there will be maximum potential redundancy and pension costs in the current year of £30,000, which will be met from savings achieved elsewhere in the Budget.

4. **RISK MANAGEMENT**

4.1 The report is most closely linked to Significant Business Risk No. 8 – Efficiencies and Savings. Key risks are highlighted below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
The Government's Spending Review is even tougher than anticipated.	Significant	Critical	Budget planning has been based on what is viewed as a worst case scenario and savings proposals sought that would be sufficient to meet an 8% cut in grant next year.
Failure to achieve sufficient savings and efficiencies in 2011/12 and future Years.	Significant	Critical	Savings and Efficiencies Plan in place. Merger with Mid Suffolk approved in principle. Ongoing Discussions with Unison/staff on Terms and Conditions, with approval to 2011/12 Collective Agreement at Council on the 19 th October.
Cuts in services and staffing levels	Very High	Critical	The Council's plans will need to carefully weigh up the options, issues and impacts, with staff and stakeholders informed and consulted with as appropriate.

5. **KEY INFORMATION**

Background

5.1 The Task Group has been faced with another very difficult and challenging year in terms of considering how to address the Council's future financial position and the savings that are required to achieve a balanced Budget in 2011/12 and beyond. This has involved and will continue to require making difficult choices and decisions that will best serve the residents of the district in the years ahead.

- 5.2 The future strategic direction of the Council has never been more important and the recent decision in principle to integrate and merge with Mid Suffolk District Council is a clear sign of the need for radical and innovative solutions. However, that alone, as Members are aware, will not meet the anticipated financial shortfall over the next 3-4 years resulting from the Government's Spending Review.
- 5.3 The worst case scenario envisaged in the Council's Medium Term Financial Strategy (MTFS) approved in February 2010 was based on a 6% per annum cash reduction in Government Grant and only a 1% per annum increase in Council Tax. Based on this and estimated potential cost pressures over the next 3 years, the MTFS indicated that:
- Potential savings, efficiencies and additional income of £3.2m would be needed
 - In relation to the 2011/12 Budget, around £1.3m would have to be found.
- 5.4 Initial announcements on the Government's Spending Review were made on the 20th October and the key headlines are:
- Local government has had some of the biggest cuts in the public sector
 - Councils will now face extremely tough choices about which services they can keep on running
 - Average 28% real-terms reduction in Govt. funding to Councils over the next 4 years (or around 7% a year)
 - The reduction will be front loaded, however, with the year 1 (2011/12) cut being around 10%
 - Councils setting a zero Council Tax increase in 2011/12 will receive Govt. funding equivalent to 2.5% of their taxbase
 - 490,000 public sector job cuts (Govt. figure)
 - Capital funding cut by the equivalent of 45% over the period
 - Flexibilities of prudential borrowing have been retained but interest rates for PWLB borrowing have been increased by 1% with immediate effect
 - Council Housing (HRA) self-financing reforms to proceed.

Current Position

- 5.5 In terms of the Task Group's work so far this year, it has been working on the basis of at least a 6% cash reduction in Government Grant in 2011/12 and the possibility of an 8% cash reduction, alongside a potential further grant loss of £300k (an additional 5%) relating to the transfer of the administration of concessionary fares to the County Council. These planning assumptions appear sound, based on the Spending Review having front-loaded the cuts in Government grant to the tune of around 10% in real-terms.

5.6 The Task Group has considered a range of proposals from officers that will achieve the necessary savings for 2011/12 and possibly beyond that (depending on the final Government grant announcement for Babergh in late November/early December). These involve further staff reductions and also, inevitably, cuts to services.

5.7 In doing this, it has had regard to:

- The strategic direction for service provision and Budget setting for the next 3-4 years
- The very limited capital funding that is available towards the capital programme and the impact of borrowing on the revenue budget
- Estimated cost pressures - £810k was allowed for in the current Medium-Term Financial Strategy.

5.8 It has reached conclusions on those proposals that are seen as unacceptable, at least in relation to the 2011 /12 Budget and those that are seen as last resort. Some of the proposals need further consideration and some are still uncertain and need further consideration.

5.9 In addition to the above, the Task Group still has the following work to conclude:

- A draft 3 year capital programme, with regard to affordability
- A review of costs and service provision based on latest VfM benchmarking and a review of support service costs
- Outcomes of the State of the District Debate
- Any further opportunities for additional income through charging, in conjunction with Mid Suffolk
- An updated Medium Term Financial Strategy (MTFS) including further consideration of the Spending Review as details emerge.

Strategic Direction

5.10 The Council's overall strategic Direction has been shaped by:-

- The coalition Government's deficit reduction programme which it is anticipated will result in Babergh needing to generate over £3m of savings over the next 3 years which represents around 25% of the Council's General Fund Budget for 2010/11
- Policy of lesser government and "bigger society".

It also needs to be seen in the context of the Council in previous years consistently exceeding Government efficiency targets and keeping Council Tax levels to amongst the lowest in Suffolk and in the lowest 20% nationally.

5.11 The Strategic Direction and approach taken by officers in developing saving proposals for the 2011/12 Budget and to be taken forward in developing savings proposals for 2012/13 onwards is:-

- To develop a mixed range of services provision (rather than seeking to be the provider of services in all cases, or moving totally towards the model of an “Enabling Council”). This approach is in accordance with views expressed at the recent Babergh/Mid Suffolk Members’ Seminar. Within this model of mixed provision it should be noted that the proposed overall Strategic Direction is to rely less on the Council directly providing the service and more on it working with the community and for them to provide the services that meet local residents needs. As suggested at the Seminar, this mixed range of service provision could include the Council developing a Social Enterprise model to which staff could transfer and use as a vehicle for providing services to Babergh’s communities and beyond
- To continue to focus on savings which would do the least damage to the delivery of Babergh’s Corporate priorities and the outcomes in our 1 year and 3 year Delivery Plans, accepting that there will inevitably be an adverse impact on outcomes achieved, particularly in the area of discretionary services such as economic development, tourism and the arts. Officers believe that as we plan and deliver the required savings over the next 3 years, it will be essential that Babergh reviews its Corporate Priorities and reduces the outcomes it wishes and is able to achieve. This exercise will be required regardless of whether the proposed merger with Mid Suffolk proceeds
- That the overall size of the Council has to be reduced, in terms of budget, staff and accommodation in order to achieve the required savings. A smaller Council will need less Managers as we reduce service or transfer services to others. In addition, staff and costs in back office functions will need to reduce as we divest certain services and work collaboratively with others to achieve economies of scale e.g. further approaches like the proposed Revs and Bens Partnership which will result in the service being hosted by Ipswich BC. The aim under this approach is to protect, as far as possible, frontline services whilst reducing costs. Inevitably this will mean in the longer term fewer posts than currently. It will be vitally important to actively manage this process in such a way that Unions and staff are as involved as possible in any such issues.
- To build local capacity to enable local communities to take greater control and provide services which otherwise Babergh could not continue to provide on its own, e.g. proposals in the draft budget savings relating to the Quay Theatre, Sudbury and toilets in rural locations. (This is in line with Central Government’s concept of the “Big Society” which asks communities and individuals to do more themselves, so they are less reliant on Government services)
- For those services which will be provided in-house, to challenge established ways of working and creatively re-design those services to reduce cost whilst meeting resident and customer needs

- To focus less on process (to satisfy the requirements of external inspectors) and focus more on engaging with communities, to understand their needs, and within the resources available, develop solutions to the problems/challenges they face. This approach is in line with views expressed at the recent BDC/MSDC Seminar.

5.12 In developing the above approach, Members and officers will work together and collaboratively with MSDC to decide exactly what services should be reduced or stopped altogether and which ones are suitable for transferring to others.

The Overall Financial Context

5.13 The overall context for the savings, efficiencies and additional income that is needed is based on the Council's Medium-Term Financial Strategy (MTFS) projection in February 2009, which indicated a potential worst – case total saving requirement over the next 3 years of £3.2m. The initial Government announcements on the Spending Review would appear to confirm that this forecast is soundly based although the concessionary fares issue could increase the saving to £3.5m. The position will be reviewed through an updated MTFS, jointly produced with Mid Suffolk.

5.14 The Council's strategic financial planning and forward plans must address a 3-4 year time horizon and not solely focus on the 2011/12 Budget. The Government's Spending Review will result in significantly less money being available for public services over this period.

5.15 The worst-case scenario set out in the Medium-Term Financial Strategy assumed an annual loss of Government of 6% (cash) per annum and an illustrative Council Tax increase of only 1%. This resulted in the following annual forecasts for the next 3 years:

	2010/11 £ 000	2011/12 £ 000	2012/13 £ 000	2013/14 £ 000
Base Budget	11,242	11,067	10,742	10,430
Staff Vacancies*	125	-	-	-
Estimated Cost Pressures	1,084	810	546	576
Total Costs	12,451	11,877	11,288	11,006
Savings (inc staff vacancies)	-1,509	-1,260#	-983	-981
Net Total Costs	10,942	10,617	10,305	10,025
Government Grant	-6,240	-5,866#	-5,514	-5,183
Council Tax	-4,602	-4,671	-4,741	-4,812
Use of Reserves	-100	-80	-50	-30
Total Funding	-10,942	-10,617	-10,305	-10,025

*Annual staff savings assumed in current/future base budget as a result of vacancy management

Allowance included of £100k for 'growth' – removed by Task Group - and £150k for reduction of concessionary fares funding. Potential additional saving of up to £150k required relating to latest Government consultation proposals on this (over and above the Spending Review reduction)

5.16 The above savings forecast excludes annual savings of £260k in relation to staff PRP payments that have now been agreed with Unison as part of the Collective Agreement for the 2011/12 Budget.

Savings, Efficiencies and Additional Income

5.17 The Task Group has considered a wide range of savings and efficiency proposals from officers, based on a maximum cash grant reduction of 8% in 2011/12. The current position is summarised below and further details are provided in Appendix A, including an indication of the impact of each saving on service provision:

- Areas for potential General Fund savings and additional income totalling up to £2m have been identified by officers
- This includes a number of items that are seen by Members as unacceptable, including short-term parking charges, amounting to between £0.4m and £0.6m
- The total of £2m also includes items totalling nearly £0.3m that are seen as last resort (including further reductions to Discretionary Rate Relief) and areas where the savings are uncertain.

5.18 Allowing for the unacceptable, last resort and uncertain items and applying a probability/risk factor to each category, as indicated in the table below, could result in overall total potential total General Fund savings of just over £1m being deliverable:

Savings category	Total savings identified £000	Savings after risk/probability factor £000
Unacceptable	415 – 644	0
Last Resort	87 - 90	30 (30%)
Uncertain	174	70 (40%)
Definite/Pursue	1,067 – 1,117	907 – 950 (85%)
Total		
	1,753 – 2,035	1,007 – 1,050

5.19 These savings would be in addition to the Unison collective agreement, with estimated annual savings of £270k, savings from last year's voluntary redundancy exercise and the full year effect of additional income from long-stay car parking charges.

5.20 Key points on the savings proposals detailed in Appendix A and the table above are as follows:

- Efficiency and service/staff reductions – other than the last resort and unacceptable items, these amount to around £0.4m and would involve further staff reductions of at least 14 FTE's. This is on top of the reductions agreed for 2010/11, including those arising from the voluntary redundancy exercise

- Overall staffing budget savings – when the above is combined with the collective agreement savings and the additional expected savings from vacancy management, total savings from staff related budgets would amount to around £0.7m, which is about 40% of the total estimated savings requirement of £1.7m.
- Service reductions – these total around £0.4m. The Task Group and officers are working to ensure that impacts on residents and communities are minimised wherever possible.

5.21 If all the savings indicated are agreed and incorporated into the Budget, that would still not quite meet the projected worst case 'Budget gap' for 2011/12, as explained below:

	£000	Comments
Worst case - Budget savings needed	1,310	MTFS projection + £150k additional potential loss of concessionary fares funding less £100k growth allowance
Additional loss of Govt. grant	+125	Based on 8% (cash) cut instead of the 6% allowed for in the MTFS
Staff PRP savings	+260	Further saving required if Unison had not agreed to continue the removal of this
<u>Less:</u>	1,695	
Savings/more income already agreed	-230	Voluntary redundancy, long-stay car parking charges
Staff Terms and Conditions	-270	Collective Agreement
Council Tax freeze	-115	Funded by the Government
Estimated savings required	1,080	
Realistic savings identified	-1,007 to 1,050	
Possible remaining Budget gap	30 to 73	

5.22 The final position is, however, very much still dependent on the final grant settlement for 2011/12, including the loss that arises on concessionary fares.

5.23 In addition, there are three further aspects of the Council's financial position that need further consideration that will affect the position. Firstly, there were slightly more reserves at the end of last year than envisaged and, through proactive management of staff and other costs, there are also likely to be more savings driven out in this financial year than envisaged in the Budget. These additional reserves and additional savings could be used to either help with the 2011/12 revenue budget or towards supporting the capital programme.

- 5.24 Conversely, overall cost pressures for 2011/12 could exceed the MTFs allowance of £810k, specifically in relation to funding the capital programme due to delays in capital receipts.
- 5.25 Thirdly, there is a potentially significant liability in relation to a complex legal case that Members were advised of at Council on the 19th October. This could amount to around nearly £400k or up to as much as £750k. A decision will be needed on how this could be funded although realistically the only available option would be to fund such a significant cost from reserves and find additional savings over the next 2-3 years to 'replenish' reserves back to the minimum acceptable level, currently £1.2m. The Task Group will be considering this further.

Sudbury TIC

- 5.26 Approval of the savings proposals to transfer the management of Babergh's Sudbury TIC Service to Sudbury Town Council is required now if the savings are to be secured from April 2011. The new agreement will run from April 2011 for two years in return for a management fee of £15k p.a. saving the Council £24k a year (before redundancy costs – see below). The agreement can be extended for a further period if both councils wish it.
- 5.27 Babergh has four staff employed at the Sudbury TIC. Sudbury Town Council (STC) intends to create a single multi-skilled team combining the TIC staff (who will transfer to STC on a TUPE basis where appropriate) and their existing Advice Centre staff. The redundancy/pension costs, estimated to be a maximum of £30k of any Babergh officer not transferring to STC will be determined before the end of 2010 following a recruitment exercise. The redundancy costs will have to be met by Babergh this financial year. Full consultation with staff concerned is underway.
- 5.28 The single staffing structure together with slightly reduced opening times and different cover arrangements means the service can be provided to much the same standard as it currently is but at less cost. The standard of the service provided will be monitored by Babergh officers.
- 5.29 The wider strategic direction for tourism development in Babergh and Mid-Suffolk is also currently being prepared by officers. Implementing the Sudbury TIC management transfer proposal at this stage will not compromise this wider work and it is recommended that the TIC transfer takes place in April 2011.

Public Conveniences

- 5.30 The Public Health Act 1936 enables a local authority, which includes county, district and parish councils, to provide public toilets but this is not a duty. There is no obligation upon the Council to provide such services. As this is a discretionary service there must be strong justification for it to be continued and protected.
- 5.31 The provision of public toilets costs the Council approximately £170k per year, including staff management and support costs with toilet provision at 12 locations in the district:

Strategic Locations

- Hadleigh
- Sudbury x3
-

Village Locations

- Lavenham x2
- Long Melford x2
- Pin Mill
- Shotley Gate
- East Bergholt
- Flatford

5.32 Relatively recent refurbishments have been undertaken to Gaol Lane, Bus Station and Belle Vue Park, Sudbury, at Shotley Gate and a new facility provided on Magdalen Road Car Park, Hadleigh. Toilets were included when the Visitor Centre was rebuilt at Flatford.

5.33 Management of the Sudbury facilities was taken over by Sudbury Town Council some 6 years ago, for which the Council pays a management contribution of £34k a year. These are the most heavily used of all the facilities.

5.34 Excluding these and Belle Vue, which is an integral part of the park, consideration can be given to the immediate future of the remaining 9 sites. Out and out closure of these facilities could save the Council approximately £115k assuming no remaining liabilities for the sites. The savings would mainly arise from the cleaning and supplies contract, maintenance, utility costs and business rates.

5.35 There continues to be justification for keeping facilities at strategic locations i.e. the transport hubs at both Sudbury and Hadleigh, otherwise there is sound reason to question the need for maintaining the other village sites. Proposals are being considered which may maintain a public toilet provision at existing locations through other means, and options include:

- **Option 1 – Closure of Satellite Sites**

Retain and keep open Strategic sites at Sudbury (Sudbury Bus Station, Gaol Lane and Belle Vue Park – all managed by Sudbury Town Council), and Hadleigh (Magdalen Road Car Park/Bus Station).

Close all village locations and dispose of sites - estimated saving of up to £115k p.a.

- **Option 2 – Transfer of Management to Town/Parish Councils**

Retain and keep open Strategic sites.

Offer control of all other sites to the respective local Councils. Management fees to be negotiated which would not exceed a “match funding” basis. Savings estimated of up to £75k p.a. If no interest from the local Councils, then toilet would be closed.

- **Option 3 – Develop a Community Toilet Scheme**

This would involve the provision of local toilets, in the existing village locations, in local public houses, cafés, restaurants or village halls. This would involve a formal contract and notional payment to the provider. The benefit to the provider would be an increase in 'footfall' and potential additional trade for a facility they are already providing.

Savings estimated of at least £75k p.a. If no interest from local providers, then the existing toilet would close.

- 5.36 The practical outcome may be a combination of the options 2 & 3 above. Councillors whose wards are affected by these proposals have been contacted. One Member suggested simply rationalising opening times on a seasonal basis, otherwise there have been no adverse comments.

Council Tax

- 5.37 The worst case scenario set out in the MTFs assumed a minimum Council Tax increase of 1% for 2011/12. The impact of a 2% and 3% increase was also set out (1% = £46,000). Since then, the Government have announced that they will fund a Council Tax 'freeze' next year.
- 5.38 The Task Group has been unable to reach a clear view of proposal at this point in time as the Government had not provided any details on how the freeze will be achieved and the extent to which the Government will fund that until the Spending Review announcement.
- 5.39 The Task Group will obviously reflect the Government's detailed proposals in making final recommendations on the Draft Budget.

Conclusions

- 5.40 Subject to further work by officers and the Task Group on cost pressures and finalising the draft capital programme and its proposed financing, the following are the key conclusions at this stage of the SFP process:
- Good progress has been made on producing proposals to achieve a balanced budget for 2011/12. Much depends on the actual impact of the Spending Review and the final concessionary fares funding position on Babergh
 - If these issues turn out to be less severe than indicated in the report, the savings of around £1m identified by officers and the Task Group should be sufficient to produce a balanced Budget in 2011/12
 - Any remaining gap could be met from the slightly higher reserves and additional savings that are being made in 2010/11
 - The potential legal liability referred to in the report clearly worsens the financial position. An approach to deal with this, including the reserves position and reconsideration of some of the last resort or unacceptable savings items, will be needed by the Task Group in the final draft Budget proposals that are brought back to Members

- Notwithstanding these uncertainties, it is inevitable that further staff reductions and cuts in services (as detailed in Appendix A) need to be made in order to achieve a balanced 2011/12 Budget
- It should be possible to achieve a set of 2011/12 Budget proposals without relying on any savings from the Mid Suffolk integration/merger proposals. The extent of these in 2011/12 will depend on the timing of savings that arise and the ability to capitalise initial redundancy/pension costs
- In terms of future Budgets beyond 2011/12, the Mid Suffolk integration/merger proposals will be key in contributing towards the savings requirements. However, further savings over and above this will also be required as will considering additional income opportunities e.g. introducing short-term car parking charges in 2012/13 or 2013/14.

5.41 The final Budget proposals will also need to reflect the estimated costs and savings of the integration/merger with Mid Suffolk, based on the detailed Business Case approved by Council on the 28th September.

5.42 Further work will be undertaken with Mid Suffolk on this, the Budget Plans of both Councils for 2011/12 and the Medium Term Financial Strategies to reflect the integration/merger proposals. The outcomes and actions in the Council's 1 Year and 3 Year Medium-Term Plans will need to reflect the savings proposals.

6. **EQUALITIES AND DIVERSITY IMPACT ASSESSMENT**

6.1 This will be undertaken as part of the final draft budget proposals submitted to Members.

7. **APPENDICES**

A – Details of savings proposals

8. **BACKGROUND PAPERS REFERRED TO:**

Government Grant consultation
Medium Term Financial Strategy

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SFP Task Group

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Savings Categories and Details

CATEGORY – DEFINITE/PURSUE FURTHER	Amount £000
Service Efficiency/Staff reductions	
Waste & Recycling Contract – Introduce new customer access arrangements by embedding staff at the joint depot, thus reducing the number of staff by the equivalent of 1.5 FTE's. Introduce round changes to improve the efficiency of collection.	45
Countryside and health & safety work - Staff shared as part of shared services with MSDC - 1.0 FTE staff reduction.	22
Planning Policy - Senior Planning Policy Officer post – part time replacement of full-time post - Staff Reduction of 0.4 FTE. Ensures adequate resource to delivery on LDF programme and related planning policy work on revised timetable. Adoption of Core Strategy by 2012. Already implemented.	15
Housing Standards – Staff Reduction 0.6 FTE - Amend approach to delivery of works of repair/adaptation using the Home Improvement Agency - BDC would only administer grants payments and would refer all applications to the agency. Risk that a critical assessment of need and extent of works together with a critical assessment of cost would be lost and unit costs would increase with impact upon Capital Budget. Further consideration needed on whether this is uncertain/last resort/unacceptable.	18
Sudbury Tourist Information Centre - A management transfer to Sudbury Town Council would ensure service continues at slightly reduced level, but at less cost. Redundancy payments in 2010/11. up to 3 FTE staff reductions.	24
Legal Services - Integration of the Legal Services function with MSDC, including the Monitoring Officer. Already approved. A reduction in staff of 2.4 FTE across both authorities.	18.8
A review of the Policy and Performance, and Information Management teams has been carried out to integrate further the workload of the two teams. The Policy and Performance Team has seen a reduction in its workload of approximately 0.4 FTE due to a reduction in external inspection and the abolition of the Place Survey, and the potential reduction to performance indicators and other performance management measures. The review also looked at the impact of further reducing the establishment of this team, but found this unacceptable as it would have a detrimental effect on the strategic planning cycle and the delivery of a range of projects managed by this team. Within the Information Mgt Team, resources are now switching from the implementation of LAMP to work required on the Information Management Strategy. This will result in a reduction of 0.6 FTE. There is currently a vacant Senior Information Officer post and it is proposed that this is removed from the establishment, leaving a deficit of 0.4 FTE. It is proposed that this is made up by using the 0.4 FTE capacity within the Policy and Performance Team.	28.2

CATEGORY – DEFINITE/PURSUE FURTHER	Amount £000
ICT - Review of how ICT staff resources were deployed. Amendments to the establishment have been agreed, including the absorption of some procurement and purchasing work by the Contract and Asset Management Division.	35.5
Information Management - The LAMP project has also streamlined the land charges process, which will allow a reduction in the Land Charges Officer establishment of 0.5 FTE.	8.4
Democratic Services - A review of the Section has been carried out. Because of improved working methods and a reduction in word processing volumes, it has been agreed that the Office Services establishment will be reduced by 0.5 FTE.	8.4
Corporate Finance - Salary/external support budget provision for current/future pressures. Maximum – this would leave no scope for meeting IFRS and other requirements. Will need to scale down current activities to release capacity, which could have implications – 0.5 FTE reduction (75% GF share).	13.5
Corporate Finance - Reshaping of Corporate Finance Team focusing on core/statutory activities and eliminating or revising unnecessary activities. More detailed work needed on scope and implications. Potential 0.5 FTE reduction.	15
Internal Audit - Reduce audit coverage to 'Priority 1' work only. Service impacts likely on overall internal control environment - 0.5 FTE reduction.	12.5
Internal Audit – reduction in audit work due to creation of SRP - 0.2 FTE reduction.	6
Revs and Bens Shared Services Partnership - £4m savings over 10 years as a result of the revised Business Case for 3 Councils but these won't start to arise until 2012/13. Staff reductions in 2011/12 but implementation costs offset savings in year 1.	0 (in 2011/12)
Caretaking – 1.0 FTE Staff Reduction in the provision at the HQ through a voluntary redundancy package. Already approved. Redundancy costs in 2010/11.	18
	288.3
Other Service Efficiency/Budget Reductions	
Public Conveniences - Closure of rural sites. Investigations to reduce impact by consideration of other means of service delivery, including local management by Parish Councils or use of other service sectors.	75 - 115
Waste Strategy - Maintenance of recycling performance through re-negotiated gate fee at MRF. Subject to confirmation £25 per tonne is a realistic estimate.	115
Joint Waste & Recycling Contract - Variation Order regarding the joint depot provision – due to the proposed 'energy from waste' facility there may not be such a need for a joint depot as originally planned. There is a possibility therefore that a contract reduction can be secured if we do not proceed with a new joint depot. This estimate is based on initial discussions with and is additional to the £50k already allowed for in 2010/11 Budget.	50
Carbon Management Plan - Undertake capital expenditure on equipment renewals in order to reduce the energy requirements, thus reducing costs and our carbon emissions.	12.5
Contract & Asset Mgt - Reduce the Asset Management budget for costs incurred in managing the Council's General Fund assets.	12.5

CATEGORY – DEFINITE/PURSUE FURTHER	Amount £000
Quay Theatre – Reduce level of grant subject to agreement about transitional funding in future years and long term plans for Theatre.	16
Leisure Trust - A new five year Agreement setting the level of management fee payable to South Suffolk Leisure (SSL) Trust SSL by BDC starts in April 2011. The proposal is to reduce the current funding level by £10k for year one of that agreement with a commitment to review the funding package in 2011/12 depending on the impact of the planned improvement works and financial stability issues.	10
Natural and Built Environment – Further reduction to all controllable budgets including training. Risk that professional officers are unable to maintain competency. Could be challenged in event of prosecution in Court. Low risk. Seek efficiencies to maintain services or minimise impact on service provision.	20.7
Planning Control - Appeal decisions statements brought in-house – use of existing resources. May need reconsideration in event of a significant increase in planning applications.	10
Emergency Planning - A review of the other emergency planning budgets, including training has been carried out. The Council has all the necessary emergency planning equipment at the moment. If there was an emergency to deal with, some of this may need to be replaced - but this is an area of minimum risk. The removal of the budget for emergency planning tools and equipment is therefore proposed.	1.5
ICT - A review of the workload and the ICT Capital Programme has been carried out and the staffing arrangements necessary to carry out that workload. Certain non-committed projects and shifting work between years. This will result in an overall capital saving of £114.5k over the 3-year life of the programme, resulting in savings in borrowing costs (GF share).	8.5
Consultation - The corporate consultation budget will be reduced following the abolition of the Place Survey, leaving a core corporate consultation budget of £4,200.	7
Fairness and Equal Access - The Council is seeking to achieve the next assessment level with regard to this. This includes an IDeA Peer Review. The Council could set out to meet all the criteria of the next assessment level, but not take the final step of the peer review. The Fairness and Equal Access Group supports development of the actions plans necessary to achieve the next assessment level without the peer review.	3
Emergency Planning - Discussions with the Joint Unit (JEPU) on future funding have identified four options, saving up to £4.8k p.a. It is likely that a lower saving is achievable (£2.4k for the General Fund) through improved resource management and allocation at JEPU and reducing the number of District Emergency Planning Officers.	2.4
Cost of Democracy - A review of the budgets has been carried out. These include: the Special Responsibility Allowances budget; Members' subsistence allowances; meeting refreshments; and phone rental allowances. It is estimated that savings up to £13,000 can be achieved.	13
Cost of Democracy - It is proposed that three out of the four Member Seminars in the Council Chamber.	3.4
HR & OD – The corporate training programme and budget have been reviewed and it is proposed that the budget is reduced by 10% - achieved by having an even more focused corporate training programme.	2.6

CATEGORY – DEFINITE/PURSUE FURTHER	Amount £000
Corporate Services - A review of various budgets has been carried out. These include budgets for professional and consultancy services which, for example would be used for Counsel and employment law advice. By using the budgets in a more integrated way, it is felt that they can be reduced by 10%:	3.9
Corporate Services - An even more focused approach to training would see a 10% reduction (£2,300) in the Corporate Services Division's training budgets. It is also proposed that the Corporate Services division's office equipment budget and other minor budgets are reduced by 50% (£1,200).	3.5
Audit & Inspection fees – Estimated reduced from abolition of CAA and Use of Resources assessments.	20
Insurance premiums – reduction in some areas of low risk cover, including terrorism	8
Vacancy Management – annual allowance for savings as a result of not filling vacant posts	125
	523.5 – 563.5
Service/Staff Reductions	
Affording Housing - Reduce staffing by 0.5 FTE by filling full-time vacancy with part-time resource. Some reduction in scheme development feasibility work.	17.5
Substance Misuse Officer - BDC 'buys' 0.5 FTE of the work of Suffolk Coastal DC's post to provide preventative programmes in Schools and work with the police on trading standards issues etc. The savings proposal is that Babergh stops funding this post. If Suffolk Coastal DC or Babergh's independently funded Community Safety Partnership do not fund the whole of the post, Babergh would be liable for half of the redundancy cost, reducing the saving in the first year.	17
Food and Safety Regulation - Revise statutory inspection programmes for H&S – critical impact if fatality occurred that would impact on Council reputation. 0.3 fte saving potentially through shared post with MSDC.	10
Cash Office - Reduce the opening hours, close completely, merge payments processing with MSDC or merge the receiving cash function with main reception – 0.5 FTE reduction if partial or 1.0 FTE if complete closure. (75% GF share).	11 - 21.3
	55.5 – 65.8
Service Reductions (no staff reductions)	
Free swimming – end of programme/Babergh subsidy.	37
Grounds Maintenance - Negotiations will be undertaken with the contractor to further reduce the spending provision in the contract on grounds maintenance. Reductions in specification will be such that they minimise the impact on residents.	40
Street Cleansing - Negotiations with the contractor to reduce the spending provision in the contract on street cleansing. It is anticipated that, due to the relatively small reduction in expenditure, that the impact on our customers will be negligible.	25
Concessionary Fares Scheme - remove Countywide discretion. This will depend on Countywide discussions with SCC following the transfer of responsibilities in April 2011 and how much Government grant is lost.	25

CATEGORY – DEFINITE/PURSUE FURTHER	Amount £000
Community Grants revenue budget – reducing this budget by £30k (in addition to the Quay Theatre grant cut and any AONB reductions over 10%) is achievable by spreading a 10% reduction across a wide range of existing grant recipients; it is still subject to further assessment of individual impacts, which may produce some variations. CAB and some service commissioning partners can be protected.	30
Economic Development - Remove two small schemes designed to support new businesses (loans and new initiatives).	5.6
Arts Development - Reduce budget by 40% (will mean a reduction on the number of arts projects being delivered).	5
Economic Development and Tourism - Reduce our contribution towards inward investment and tourism support services provided for Babergh by 'Choose Suffolk' (also known as the Suffolk Development Agency) by 25% in 2011/12. This may slightly reduce the economic and tourism developmental promotion of the District and could have a negative impact on 'Choose Suffolk'.	5
Affordable Housing - Reduce budget for research work. Minimal impact.	2
AONBs - Reduce contribution by 50%. This is linked to the reduction in grants and further thought needs to be given to this by officers and the Task Group.	21
Environmental Protection - Air Quality monitoring – discontinue. Day to day knowledge of pollutants along A12 will be lost but no critical impact.	4
	199.6
Income Generation	
Car Parking – Pin Mill - Increase parking charges from 30p to 50p, and the annual residents parking fee by 50%, in order to compensate for the contribution of £5,000 pa to the new Community Interest Company at Pin Mill. In return the company will carry out the management of the car park.	0
TOTAL – DEFINITE/PURSUE FURTHER	1066.9 – 1117.2

CATEGORY – UNCERTAIN	Amount £000
Service Efficiency/Staff reductions	
Office Services - A review is being undertaken to determine the impact of further reducing the establishment by 1.0 FTE. This would mean a reduction in capacity to deal with the more complicated pieces of word processing work. It could also have an effect on dealing with questionnaires and affect committee administration and electoral registration. However, there may be the opportunity for a voluntary redundancy – in which case there would be a post available for alternative employment purposes.	3
Corporate Support - A review is being conducted to determine whether the establishment can be reduced by 0.5 FTE. This could have an impact on the work of Management Team, support to the Chairman and Member training	8.2
Finance: Internal Audit - Additional saving on top of the £12,500 already suggested to the Task Group. We would have to renegotiate the arrangement with SCC and/or appoint staff directly in conjunction with MSDC to achieve this - equivalent to further 0.3 FTE reduction.	8
Internal Audit - Further savings could be possible of around 0.2 FTE as a result of integration with MSDC (at Audit Manager level with backfilling lower down) but these could be limited in 2011/12	12.5
	31.7
Other Service Efficiency/Budget Reductions	
Natural & Built Environment - OS data mapping costs. New route of funding for service through Govt procurement. However uncertain whether or not funding will be diverted from elsewhere.	10
Development Control - Reduce DC Committee meetings from 12 to 10 per annum – reduction in Members allowances.	2.5
Chairman's reception - A review needs to be carried out to determine if savings can be made on this and an estimate of a £1,600 saving has been allowed for this exercise.	1.6
	14.1
Service/Staff Reductions	
Food & Safety Regulation – By agreement with regulatory body (FSA) reduce inspection programmes of food premises by 50% -0.6 FTE staff saving possible but no natural wastage so potential redundancy costs that would have to be offset against the savings. High risk if not meeting statutory minimum requirements and reputational damage in event of Food poisoning outbreak.	20
	20
Service Reductions (no staff reductions)	
Sudbury Citizen Advice Bureau – not core funding but additional support for local surgeries and outreach work. Previously agreed budget not taken up; further discussions with CAB needed to clarify future position and need.	35

CATEGORY – UNCERTAIN	Amount £000
ICT - 5% reduction in certain revenue budgets excluding the salary budget, which has been dealt with separately. The remainder of the budgets primarily deal with software licenses (approx £260k) and contract maintenance (approx £70k) where there is little if any scope for maneuver. Indeed these two costs are subject to annual inflationary increases levied by suppliers /vendors, over which the Council has little or no control. The remaining budgets total approx £50k which includes other essential but smaller budgets such as Infrastructure Support and Data Protection. These plus others will be under threat if there is no adjustment made to the budget to allow for projected inflationary rises to software licenses and contract maintenance, which will have to be found from the remaining £50k. It is recommended that no reduction is made.	3.8
East House – no further requirement for revenue costs in maintaining the property if it is sold.	5
	43.8
Income Generation	
Building Control and Development Control fees – Building Control business plan to grow commercial income through provision of chargeable services to architects and agents. However, little sign of economic growth and increase in activity means increased income from planning applications unlikely but return to pre 08/09 income for Building Control could arise next year.	50
Licensing - Increase in applications and growth in licensing activity may provide additional income. Needs to be seen in light of 2010/11 projections	10
Capital Financing – Generate a receipt of £300,000 through the sale of a 'ransom strip' at Bures, thus generating a reduction in borrowing requirements. First installment of £50,000 anticipated in 2011/12.	4
	64
TOTAL- UNCERTAIN	173.6

CATEGORY – LAST RESORT (all service reductions)	Amount £000
Discretionary Rate Relief (Option 1) - Reducing level granted so that only 80% relief is awarded (excluding Post Offices). Impact on SSL. Option 2 - Stop discretionary relief for those ratepayers whose rateable value is above the limit set by the Government for small business rate relief (£12,000) except for Pubs/Petrol stations £12,500 and leave Post Offices at 100%.	14.8 - 18
Canteen – If a further reduction in subsidy cannot be negotiated with the contractor then there is an option not to extend the contract beyond 31 st March 2011, and close the facility.	10
Corporate Finance – Further 0.5 FTE reduction to Corporate Finance establishment. Currently Seen as too much of a reduction but further review of staffing/resource levels will be undertaken to see what can be achieved in the future.	10
Contract & Asset Mgt -Terminate the Village of the Year competition.	0.9
Community Safety and Sport/Leisure - Keep current vacancies in services unfilled into next year by reducing Community Safety work and BeActive developments (includes a direct reduction in the BeActive project).	46
Policy and Communications - further reduce the staffing establishment by 0.6 FTE. Higher risk as this would start to have a detrimental effect on core activities. There would also be redundancy costs. This reduction should only be made through integration with MSDC.	0 in 2011/12
LGA conference - Do not attend or reduce attendance.	2
Democratic Services - Withdraw from the Rural Services Partnership. Would remove Babergh's voice and also not give us access to the SPARSE services such as benchmarking.	3.7
TOTAL – LAST RESORT	87.4 - 90.6

CATEGORY - UNACCEPTABLE	Amount £000
Income Generation	
Car parking - short stay charging.	200 - 400
Car Parking - Increase fines on Excess Charge Notices by £5 OR Increase fines on Excess Charge Notices by £10. No increase for last 3 years.	11.9 – 23.8
	211.9 – 423.8
Service/further staff reductions	
CABs - Debt Priority Advice service - Withdraw support. This service gives BDC debtors priority to see the CAB debt advisor.	5.2
Benefits - Reduce or stop disregarding the 10% discretionary element of war widows and war disablement pension.	8
Environmental Protection - Staff Reduction of 0.6 FTE on nuisance response/investigations – reduce to minimal standards and close cases. Prioritise planning enforcement and only undertake essential investigations. No natural wastage so potential redundancy, which would offset savings.	30
Planning Control - Reduction in qualification/other training. Could affect competency/skill level in team resulting in poor decisions and increased appeals.	6
Community Safety - Removal of CCTV services.	43
Community Achievement Awards - Change to being a bi-annual event.	2
Business Evening - Change to a bi-annual event.	2.7
HR & OD – The establishment has been reviewed to determine whether it can be reduced. However, it has been concluded that to do so would have had a significant effect on all aspects of the HR section, including training and shared services initiatives. But the opportunity has been taken to ensure the establishment reflects the work being undertaken and resources have been re-aligned. In addition one post is now filled on a temporary basis to allow future flexibility/reduction.	14
JEPU - Withdraw completely - this would necessitate emergency planning arrangements being carried out in-house, so would negate any proposed saving to the Policy establishment. If there was an emergency, we could be in the embarrassing situation of having to call on JEPU resources, which just would not be acceptable.	20
Reduce <i>Babergh Matters</i> from 2 to 1 per year or stop completely. This is the only communication medium which reaches every Babergh household; reducing frequency by one edition will significantly reduce the ability to provide detailed information for residents at this key period of change. Cutting Babergh Matters completely will have the result of removing any means of communication with all Babergh residents. This would hamper the work of the merger/integration project and remove the single vehicle for communicating with all Babergh residents at this challenging time of change.	16.8 – 33.6

CATEGORY - UNACCEPTABLE	Amount £000
An alternative means of communication could be to issue topic specific publications as required to support particular initiatives (i.e. merger referendum etc). This would however still incur significant distribution costs. Alternative options could be joint communications with MSDC and SCC and use of other media to provide information to residents (i.e. through press contacts, electronic social media etc).	
ICT Budgets – <u>further</u> 10% overall reduction including additional reduction in training budgets.	22.5
Policy and Communications - a review of the comms unit is still underway, but the current stance is that reduction in the establishment (practically this would be the 0.6 FTE Communications and PR Officer post) would significantly reduce the resource available during a crucial period. In addition the team has an important role in supporting and leading project based work (i.e. editor role for Babergh Matters and department specific publications). The following options are being looked at: <ul style="list-style-type: none"> • Review work scheduling and range of functions provided (i.e. concentrate on core functions i.e. press/PR and corporate communication). • Revise Communications plan to fit reduced resources • Consider integration of communications function with MSDC (linked to BMI project) • Consider joint working with SCC and other public sector organisations for the communications function, (management buy out/JEPU model). 	12.8
Members training - A 10% reduction in Members' courses and conferences - Could affect Members' knowledge and skills and, as there will be a new Council next year, this is not appropriate.	0.9
LGA – Withdraw.	11
Regional Employers' Group – Withdraw.	8.7
	203.6 – 220.4
TOTAL - UNACCEPTABLE	415.5 – 644.2