

**AMENDING OUR SPENDING PLANS -
THE FORECAST, BUDGET AND MTP PROCESS**

(Report by the Head of Financial Services)

1 PURPOSE

- 1.1** The purpose of this report is to respond to the Member suggestions for savings, outline how a new approach to amending our spending plans is developing and propose the stages and timing for the review and approval of the financial strategy, the 2008/09 budget and the 2009/13 Medium Term Plan.

2 SAVINGS

- 2.1** At its meeting on the 14 November the Overview and Scrutiny Panel (Corporate and Strategic Framework) considered officers comments on a list of proposed savings identified by the Chairmen of the Overview and Scrutiny Panels and the Liberal Democrat Group. Certain of the proposals were supported, and indeed some were built into the Budget/MTP. Others were discounted for the reasons given whilst others were identified as requiring further investigation.
- 2.2** The attached Annex provides updated officer comments on the items that required further investigation.
- 2.3** Cabinet will recall that all of the necessary adjustments to allow the current year's budget to be achieved were identified in the budget report.

3 THE NEW APPROACH

- 3.1** Chief Officers are holding a workshop with Heads of Service on 5 June to introduce and develop a new approach to identifying spending plans for future years. It will be based on each Head of Service identifying a 5 year vision for their service which will highlight opportunities for cost effective service growth in the Growing Success priority areas and efficiency improvements in all areas. This will then allow COMT to develop proposals for how our spending plans can be amended to ensure that the required financial targets are achieved.
- 3.2** An update on progress will be provided as part of the Financial Forecast report in September (see below).

4 PROPOSED TIMETABLE

- 4.1 The first stage of the process is to review the Council's longer term financial strategy. This will adjust the figures approved by the Council in February for inflation, interest rates, the 2006/07 outturn and any other unavoidable significant issues. It will thus enable the Council to confirm or revise the size and phasing of the amendments required to our current spending plans. It will also update Cabinet on how the new approach is developing and seek any relevant guidance for the following phases.

Scrutiny (Corporate & Strategic Framework)	Cabinet	Council
4 September	6 September	26 September

- 4.2 The second stage will be the production of a draft budget and Medium Term Plan which will be influenced by the results of the 5 year service plans which should incorporate most of what we have previously regarded as MTP bids. It will also take account of the provisional grant settlement if it is available (there are suggestions that it may be late this year because, of delays in the Comprehensive Spending Review), latest views on interest rates and inflation.

Scrutiny (Corporate & Strategic Framework)	Cabinet	Council
13 November	22 November	5 December

- 4.3 The final stage will take account of the final grant settlement figures and any other significant changes that have emerged. It will also formally adopt the budget and the level of Council Tax for 2007/08.

Scrutiny (Corporate & Strategic Framework)	Cabinet	Council
29 January	31 January	20 February

5. CONCLUSIONS

- 5.1 Member proposals for savings have been actively investigated and adopted where appropriate.
- 5.2 All the necessary adjustments to meet the current year's budget were identified during the budget process.
- 5.3 Chief Officers are developing, with Heads of Service, a longer term approach to achieving the Council's spending plans which will emerge in more detail over the coming months.
- 5.4 The financial process should include the three stages described above.

6. RECOMMENDATION

The Cabinet is recommended to:

- **note the planned action on Member's suggestions for savings**
- **approve the timetable and stages for considering the financial strategy, budget and MTP**

ACCESS TO INFORMATION ACT 1985

2007/08 Revenue Budget and the 2008/012 MTP

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Update on savings suggestions

This update reports on all suggestions that have not already been agreed or completely discounted.

OUTSTANDING PROPOSALS

Suggestion

Review use of consultants and long term agency staff reduction. Short term shared agreements with other authorities.

Conclusion

Consultants and short term workers undertake a variety of tasks for the Council and cover roles such as architects and IT software specialists. We believe that a one-off review of consultants will not have any impact on the use of consultants. The use of consultants, temporary staff and agency staff are often a more effective and efficient way of providing necessary skills without making a long term commitment to permanent staff. In many cases it would be simply impossible to recruit people with the specialist knowledge required as we do not have enough work to keep them employed. The short term nature of assignments does make daily rates seem more expensive and therefore should not be continued for long periods. We believe the best way to control this expenditure is to continue to monitor and challenge services overall budgets, making it clear that budget holders are responsible for managing their budgets effectively.

Suggestion

Reduce hours of cash office opening in St Ives and St Neots

Conclusion

Cash offices are to be developed into satellite customer service centres. Whilst opening hours will be considered as part of the customer service strategy that is to go to Cabinet later in 2007 and therefore no immediate change in hours is planned.

Suggestion

Procurement linked to other organisations. Telephone, postage, fuel, leased vehicles.

Conclusion

The Council already uses a vast number of public sector contracts (ESPO and other consortia, OGC, Buying Solutions - an arm of the Treasury) and collaboration with other authorities. These contracts are already used wherever they are feasible and provide better value. If there are no contracts for any significant purchase area then we will continue to encourage their creation or propose a collaborative approach to one or more local authorities.

Suggestion

The Council cooperate fully in the current proposals to combine Council Tax and Benefits administration with other councils.

Conclusion

The paper supplied by the RCE was highly disappointing and the proposals lacked support from all councils in the eastern region. The RCE seems to have shelved its efforts in this area, although smaller scale partnerships could be considered. We already participate in a number of shared service and collaborative projects, such as the call centre. However we are actively pursuing new shared service operations in other areas including payroll, financial accounting and elections.

Suggestion

The Call Centre operation be merged with Cambridgeshire County Council.

Conclusion

In order to reduce its costs the Council entered into an agreement with the County Council for them to provide us with hardware, software and related support services which runs until 2012. The Council also leases office space from the County.

This suggestion will be considered again in 2012 so that the approach to service delivery thereafter will continue to be an effective balance of service standards and cost.

Suggestion

Charge for pre-application planning advice

Conclusion

Officers support this suggestion but recognise that this would require a fundamental change in respect of both the ethos of what constitutes a local planning service and in terms of the mechanics of actually delivering a paid for service to potential applicants. To deliver a first class pre-application advice service would be dependent upon the use of skilled practitioners and would be likely to require additional scarce resources. We are considering how to build this into our medium term year plan

Suggestion

Review public convenience upgrades or seek town council contributions
Review parks department expenditure around towns. Town councils to fund if they wish.

Conclusion

Maintenance contracts for public conveniences have been let on a five year contract. Provision of services by town councils was explored when these contracts were let. We have made it known to Town Councils that we are willing to consider upgraded services if they wish to fund them. We do not see any scope for expenditure savings at this time.

Suggestion

Review priorities in arts and leisure development

Conclusion

The Arts and the Leisure Development services are both currently engaged in preparing a Culture Strategy for Huntingdonshire.

Suggestion

Make greater use of e-government by discontinuing the practice of sending paper copies of documents to members 'For Information Only'.

Conclusion

Modern.gov provides an excellent means of finding and downloading documents. The biggest barrier to achieving this objective has been the disparity in the access speeds available for individual Members however the Flexible Working project is now addressing this issue. Savings are more likely to relate to increased efficiency than significant cash savings.

Officers support this suggestion and propose to implement it from the new municipal year in May 2007.