

READING BOROUGH COUNCIL
REPORT BY CHIEF EXECUTIVE

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| TO: | COUNCIL | | |
| DATE: | 31 MARCH 2009 | AGENDA ITEM: | 6 |
| TITLE: | FURTHER BUDGET SAVINGS FOR 2009/10 | | |
| LEAD COUNCILLOR: | COUNCILLOR LOVELOCK | PORTFOLIO: | CORPORATE SERVICES |
| SERVICE: | FINANCIAL | WARDS: | BOROUGHWIDE |
| LEAD OFFICER: | MICHAEL COUGHLIN | TEL: | 0118 9390067 (x72067) |
| JOB TITLE: | CHIEF EXECUTIVE | E-MAIL: | <u>michael.coughlin@reading.gov.uk</u> |

1. EXECUTIVE SUMMARY

- 1.1 Further to Minute 79 (1)(a)(iii), (iv) and (9) of the Council meeting on 2 March 2009, and Minute 161 of Cabinet on 16 March 2009, this report sets out the recommendations made by Cabinet to full Council to identify further savings to a total of £356k as part of the process of setting the 2009/10 Budget.
- 1.2 As part of the motion setting the 2009/10 budget, the resumed Council meeting on 2 March 2009 agreed as follows:
- (iii) "The Chief Executive to be instructed to identify further savings to a total of £356k to be reported to Cabinet in March for recommendation to Council on 31 March 2009;
 - (iv) The Chief Executive to report to the Budget Review Group (as below), for recommendation to Cabinet, on potential in-year savings, with a minimum target of £200k, over and above those already integrated into the budget, on Marketing & PR, agency staff, consultants, managements, home-to-school transport and other areas that do not have adverse impact on front-line services.
 - (9) That a cross-party Budget Review Group be established for the 2009-2010 financial year, as a Member: Officer working group, to identify and examine budget items carrying a significant medium term risk in terms of both the Council's revenue budgets and forward Capital Programme and to make recommendations to Cabinet or full Council as appropriate in terms of the Council's budget framework and adequacy of balances and reserves; and that the following Councillors be appointed to the Group on the ratio set out below:

Labour (2)
Conservative (2)
Liberal Democrat (1)”

1.3 This report, and **Appendix 1**, sets out options for achieving the £356k savings referred to above.

1.4 Cabinet at its meeting on 16 March 2009 (Minute 161) resolved:

That, following the instruction to the Chief Executive at the Council meeting of 2nd March 2009 to identify further savings options to a value of £356k, to be built into the Council’s approved 2009/10 budget, the following be recommended to Council on 31st March 2009:

(i) The following savings, totalling £218k, be agreed:

- £55k - Senior Management Pay Freeze for 2009/10
- £15k - Marketing & PR budget: reduce “Live Reading” to “old style” Council Leaflet and no other editions during the year.
- £50k - Marketing & PR budget - Streamline and reprioritise services and scale down workloads.
- £98k - Savings on contracts due to falling inflation.

(ii) A further £157k savings be found from Management and Support costs and Agency/Consultancy staff, across all Council Directorates, subject to Lead Councillors confirming that there will be no adverse impact on front line services.

2. RECOMMENDED ACTION

2.1 That the further budget savings for 2009/10 of 375k as set out below, be agreed:

(i) Savings, totalling £218k:

- £55k - Senior Management Pay Freeze for 2009/10
- £15k - Marketing & PR budget: reduce “Live Reading” to “old style” Council Leaflet and no other editions during the year.
- £50k - Marketing & PR budget - Streamline and reprioritise Services and scale down workloads.
- £98k - Savings on contracts due to falling inflation.

(ii) Further £157k savings to be found from Management and Support costs and Agency/Consultancy staff, across all Council Directorates, subject to Lead Councillors confirming that there will be no adverse impact on front line services.

3. POLICY CONTEXT

3.1 The Policy Context is set out in the Budget Report submitted to Council on 24 February 2009 and the motions agreeing the Budget and Council Tax for 2009/10.

3.2 As set out in Section 1 of the report further savings of £356k need to be identified and implemented in full for 2009/10 so that the Council maintains a balanced budget over 2009/10 consistent with the advice given by the Director of Resources in the Budget Report to Council.

4. PROPOSAL

4.1 Appendix 1 sets out options identified by Directors for achieving savings to be the value of £356k in 2009/10 together with an officer risk assessment of each option identified.

4.1 On 3 March 2009 the Council received notification that ACAS was recommending a further 0.3% pay award for 2008/09 on top of the interim award of 2.45% previously agreed.

4.2 For 2009/10 1.5% has been allowed for pay awards covering the 0.3% extra for 2008/09 and the award for 2009/10. Currently negotiations have not yet started in respect of the April 2009 award.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 Equal Opportunities - The budget has been prepared taking into account the Council's personnel policies. The budget reflects the Council's commitment to improving the access of all groups in the community to the use of Council services.

5.2 Sustainability - The budget has been prepared taking into account the Council's environmental policies, and reflects the Council's commitment to promoting awareness of environmental issues.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 No consultation with the community undertaken in respect of the proposals contained in this report.

7. LEGAL IMPLICATIONS

7.1 The Local Government Act 2003 places a duty on the Council's Section 151 Officer to advise on the robustness of the proposed budget and the adequacy of balances and reserves. The Director of Resources gave Council this advice in Sections 6 and 7 of the budget (Gold) report to Council on 24 February 2009).

7.2 The requirements of the Act are as follows:

(a) **Reporting on the Robustness of Estimates**

In setting the Budget each year the Director of Resources is required to report on the robustness of the Budget and also the adequacy of proposed financial balances and reserves.

The Council in setting the Budget is required to “have regard” to the report when making its Budget decisions.

CIPFA Best Practice Guidance recommends that where the Council sets its balances at a different level to that recommended, then its decisions and the reasons for any variance from the advice given should be recorded in the minutes of the Council Meeting.

(b) Budget Monitoring

With regard to Budget Monitoring, the Act requires that the Authority must review its Budget “from time to time during the year”, and also to take any action it deems necessary to deal with the situation arising from monitoring.

Currently Budget Monitoring reports are submitted to Cabinet regularly throughout the year and therefore we comply with this requirement.

7.3 With regard to the authority’s budget and Council Tax, the statutory responsibility of the executive (Cabinet) is to prepare and recommend the budget estimates and Council Tax level to full Council. It is the statutory responsibility of full Council to set the authority’s budget and Council Tax.

7.4 In the light of the difficulties experienced by full Council in setting the authority’s budget and Council Tax for 2009/10, the Director of Resources, Monitoring Officer and Head of Legal Services have sought Counsel’s Advice from James Goudie QC about the statutory responsibilities and duties of the Cabinet, Council and all Councillors to set a budget and Council Tax rate; the consequences for the authority and individual Councillors of failing to do so; and the duties and responsibilities of the Section 151 Officer and Monitoring Officer in such circumstances. The Group Leaders have been briefed on the contents of this advice.

8. FINANCIAL IMPLICATIONS

8.1 These are covered in detail in the report.

9. LIST OF BACKGROUND PAPERS

9.1 Budget Report to Council 24 February 2009

9.2 Motions approved by Council on 2 March 2009 in setting the Budget and Council Tax for 2009/10.

9.3 Report to Cabinet 16th March 2009.

9.4 Director of Resources’s briefing note circulated to all Councillors at the Council meeting on 25 February 2009