
Report to: Clackmannanshire Council

Date: 4 November, 2010

Subject: Budget Strategy Update

Report by: Director of Finance & Corporate Services

1.0 Purpose

1.1 The purpose of this report is to update the Council on the implementation of the Budget Strategy which was agreed in August, 2010.

2.0 Recommendation

2.1 It is recommended that Council notes:

a) the outcome of the UK Comprehensive Spending Review as it relates to the Scottish block grant and Scottish local government;

b) the public engagement events which have taken place and some themes arising from these;

c) that senior officers are progressing a number of workstreams in relation to a range of proposals for savings and efficiencies;

d) that a fuller briefing for elected members on the results of the public engagement is to be held on 5 November, 2010;

e) that a report will come forward to the December Council meeting setting out in more detail some preliminary savings options.

3.0 Background

3.1 At its meeting on 12 August, the Council agreed a budget strategy, including an engagement process to inform the development of savings options.

3.2 Since then, significant work has been carried out engaging members of the public, community groups and staff in discussions about the financial environment the Council faces. Also since that time, the UK government has announced the details of its Comprehensive Spending Review.

3.3 This paper updates members on progress in implementing the budget strategy and advises of the next phases of activity to the Council setting its 2011-12 budget early next year.

4.0 Considerations

UK Comprehensive Spending Review

- 4.1 The paper to Council in August set out a range of assumptions to inform and guide the Council in its budget deliberations. Among these was:

"... budget planning is undertaken on the basis of a 12% reduction in the level of funding, phased over the three year period plus an allowance for further expenditure growth, shifts in inflation and/ or demographic change. This results in a recommended corporate savings requirement of £18 million between 2011 and 2014."

- 4.2 Since the report to Council, the outcome of the UK Comprehensive Spending Review has been announced. This puts forward savings of £81 billion UK-wide, including a reduction of £900M in the allocation to the Scottish Government in 2011-12. Based on independent analysis of the review figures by the Improvement Service and the Centre for Public Policy for Regions, the Scottish block revenue expenditure is projected to record a real reduction of between 6.8% and 8.1% over the period to 2014/15, with capital spending seeing a real reduction of up to 38%.
- 4.3 At the moment, the Council's existing budget strategy assumptions set out in paragraph 4.1 remain sound. The assumption of 12% was based on an overall funding gap of which the reduction in Scottish Government funding is just one strand. Other strands which are factored in include possible movements in inflation rates over the review period and potential growth in demand for some council services as a consequence of other decisions of the Comprehensive Spending Review (e.g. the potential knock-on effects for local government services of changes in welfare spending).
- 4.4 The overall impact on local government funding in Scotland will become clearer when the Scottish Government announces its figures on 17th/18th November. Additional issues which will impact on local government will be how other areas of the public sector (such as health) are treated.

Community Engagement

- 4.5 A significant public engagement exercise has been undertaken in the last two months. Elements of that included:
- a widely available questionnaire for the general public seeking views on a range of priorities and suggestions for potential savings
 - surveys of community councils and other community groups, with Council officers, in addition, attending a number of meetings with individual groups to hear views in greater detail
 - presentations and discussions at a number of partnership forums (such as the Clackmannanshire Alliance, the Community Health Partnership Sub-Committee, the Public Partnership Forum, Youth Council, Business Improvement District boards)
 - a series of drop-in days in various supermarkets

- events for staff across all main Council offices, including secondary schools.

4.6 Over 1000 individual suggestions for savings and efficiencies have been made (around 800 questionnaires were returned). Some of the main themes which were raised include:

- more effective management of assets, particularly properties
- exploring pricing policies for services
- reviewing employment conditions
- improved targeting of certain services
- changes in service standards
- reductions in external funding to other organisations (across all sectors)
- alternative models of service provision
- joint working and shared services
- general efficiency measures (improved energy efficiency, more effective use of technology).

4.7 Various proposals are now being scrutinised by senior officers via a number of working groups. This scrutiny includes financial analysis of the proposals and, where appropriate, detailed option appraisal. The groups are chaired by chief officers and a Project Board of all chief officers is co-ordinating the overall process.

4.8 Fuller information on the various proposals put forward will be discussed with elected members at a briefing to be held on 5 November; further to this, a report will be submitted to the December meeting of the Council which will set out some preliminary savings options.

5.0 Conclusions

5.1 A significant amount of effort is going into taking forward the budget strategy; this will continue in the coming months, and the foreseeable future, to ensure the Council is most effectively positioned to deliver its priorities and core functions.

6.0 Sustainability Implications

NA

7.0 Resource Implications

Financial Details - none directly from this report

Staffing - none directly from this report

8.0 Declarations

8.1 The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) Our Priorities 2008 - 2011

The Council is effective, efficient and recognised for excellence



(2) **Council Policies** (Please detail) N/A

Budget Strategy (August, 2010)

9.0 Equalities Impact

9.1 N/A

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

None

12.0 Background Papers

Council Budget Strategy, August 2010

Author(s)

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