

EXTRACT

THE EXECUTIVE

MEETING, 7TH JUNE, 2010

Councillor Morris	Strategy and External Relations
Councillor Adia	Children's Services
Councillor Bashir–Ismail	Cleaner, Greener, Safer
Councillor Ibrahim	Development, Regeneration and Skills
Councillor Peel	Housing, Neighbourhoods and Regulation
Councillor Kay	Human Resources, Organisational Development and Diversity
Councillor Zaman	Environmental Services
Councillor Sherrington	Adults Services
Councillor Murray	Looked After Children and Safeguarding

Non-Voting Members

Councillor A. Connell
Councillor Chadwick
Councillor J. Walsh
Councillor Shaw
Councillor Ashcroft
Councillor Mrs Brierley
Councillor Fairclough
Councillor Morgan
Councillor Hayes
Councillor Mrs Swarbrick
Councillor D.A. Wilkinson

Officers

Mr. S. Harriss	Chief Executive
Mr. S. Arnfield	Director of Corporate Resources
Ms. M. Asquith	Director of Children's Services
Mrs. M. Stoney	Assistant Director (Legal Services)
Mr. A. Jennings	Democratic Services Manager

Councillor Morris in the Chair

1. MINUTES

The minutes of the proceedings of the meeting of the Executive held on 26th April, 2010 were submitted and signed as a correct record.

2. AGMA EXECUTIVE BOARD KEY DECISIONS

The Director of Chief Executive's Department submitted a report that detailed the key decisions taken by the AGMA Executive Board at its meetings on 30th April, and 28th May, 2010.

Resolved – That the report be noted.

3. FINANCIAL FORECAST 2011/2012 – 2015/16 and BUDGET PROCESS

The Director of Corporate Resources submitted a report that set out Financial Guidance for Services over the next 5 years in order that Strategic Plans could be put in place to manage service changes and demands in the context of the likely financial situation facing the Council and explained the budget process necessary in the light of the scale of savings required to be found.

In forecasting the resources likely to be available to the Council in the 5 year period 2011/12 to 2015/16, it had been assumed that for the first two years Government funding support through Revenue Support Grant and Business Rates would reduce by 5% in cash terms and would be at a cash standstill for 2013/14, 2014/15 and 2015/16. However, the Coalition Programme document indicated that the Government intended to freeze (i.e. no increase in) Council Tax in 2011/12; based upon previous statements it was assumed that this would be funded by the Government. The cash reduction in grant for 2011/12 had therefore been revised to a net 3% reduction and this had been offset by amending the Council Tax increase to zero. This would need to be revisited once a clearer indication of likely resources was available from the Government.

In terms of the £1.6 billion reduction in Local Government funding in this year, the Government had indicated that this would come from the specific grants that Council's received (mainly Area Based Grant (ABG)) and not from the main RSG, but as yet the Council had not received any clear details of the impact this would have on Bolton. It was therefore suggested that a review be undertaken of the current schemes/projects funded from specific Grants/ABG with a view to identifying where savings may be possible to offset these grant losses.

The above reduction in ABG suggested that the £31M originally awarded in the current year may well reduce significantly in 2011/12. Consequently, it was important to start to review the schemes/projects funded from ABG and to develop options around ending these schemes/projects, reducing them or identifying alternative sources of funding. This would be undertaken at the same time as savings options were being developed as part of the Council's main 2011/12 Budget.

An initial assessment has been made of the likely increased financial demands facing the Council over the next 5 years and these were set out in the report under the following headings :-

- Inflation
- Capital Financing
- WDA/PTA Funding
- Pensions
- Income
- Other

The above was reflected in the forecast set out in detail in Appendix A which assumed a Council Tax increase of zero in 2011/12 (offset by additional Government grant) and 2% in subsequent years which would need to be decided by the Council on an annual basis.

Based upon the potential grant position and the Council's increased spending requirements, it was likely that efficiency savings in the order of 30/40% would be required over the next five years. It was important that as many of these savings as possible were delivered through efficiencies and therefore a comprehensive savings programme was to be implemented. In addition, in order to achieve this level of savings it was considered important to start as early as possible and therefore Services should be identifying savings options and efficiency plans covering the next 5 years immediately. The position for the next 5 years would be reviewed each year in the light of the latest available information.

It was explained that in order to achieve the scale of savings identified above, the numbers of staff employed by the Council would inevitably have to reduce. The Council would examine all options available to reduce numbers, including Voluntary Early Retirement, redeployment etc. However, whenever anyone left the Council through these arrangements or through redundancy there was a fairly significant financial cost.

Owing to these costs, the savings in each year needed to be higher and to help this situation it was important that the Council achieved whatever savings it could in the current year to offset these costs and it was suggested that the Council retains any one off receipts such as LABGI and airport dividend etc and that Services be set an in-year savings target of 2%.

Furthermore, given the overall financial position facing the Council and, particularly the anticipated constraint on capital resources, it was suggested that a review of the current year's Capital Programme be undertaken. The aim would be to report back on this review to the Executive meeting on the 28th June, 2010; in the meantime any capital projects which were not committed would be put on hold pending the outcome of this review.

As indicated above, the scale of savings required was likely to be significant and any delay in achieving the savings for 2011/12 beyond the 1st April, 2011 could cost a further £1.25M per month. It was therefore vital that savings were deliverable from 1st April, 2011.

In order to achieve this it would mean that savings options would need to be developed now and decisions made on many options within the next few months. (i.e. before the budget was finalised in February 2011). Furthermore, it may be necessary for a few items to come forward for approval in June before the overall Savings Strategy had been put forward to the Executive on the 28th June, 2010.

The suggested timetable was as follows :-

Initial Financial Guidance	Executive	7 th June, 2010
Outline of overall Council	Executive	28 th June, 2010
Savings Strategy		
Services report to PDG'S	PDG's	June-Oct
on individual Options		
Specific proposals agreed and	Exec Members	June-Jan
implementation started		
Full Budget Options proposals	PDG's	Nov 2010
	ExecMembers	Nov2010
Government Grant Settlement		Dec 2010
Updated Financial Guidance	Executive	January 2011
Finalise Budget	Executive and Council	
		February 2011

Resolved – That the following guidance be agreed :-

(i) Revenue

- That for schools, plans be based upon an increase in DSG in line with inflation for next year and for the following 4 years;
- That for other services plans be based upon efficiencies/savings of 30/40% over the next 5 years with specific targets of 10% in 2011/12, 10% in 2012/13 and 5% in the following 3 years and that any growth will be very limited and will need to be offset by further savings; and
- That all schemes/projects currently funded from Area Based Grant be reviewed with a view to determining how such schemes can be either ended, reduced or utilise identified alternative funding sources that may be available.

(ii) Capital

- That for all services capital resources are likely to be more constrained than in previous years and therefore services should plan on the basis of annual allocations over the next 5 years being 30% less than in the current year.

(iii) In Year Savings

- That the principle of retaining one-off receipts to help fund next year's changes be endorsed and that Departments be requested to make all savings possible during the current year and that a savings target of 2% be set;
- That agreement be given to the proposed promotion of Voluntary Severance/ VER as set out in the report;
- That in the light of the reductions in specific Grants/Area Based Grants for the current year, all existing schemes/projects be reviewed with a view to identifying the options available to make savings on these schemes to offset any grant losses; and

- That in line with the Budget Resolution a review of the Capital Programme in the current year be undertaken and that any un-committed capital projects be put on hold until the review is completed.

(iv) **Process**

- That a further report outlining the Council's Savings Strategy be submitted to the Executive on the 28th June 2010; and
- That it be agreed that where options need an approval during June, in order to be delivered by the 31st March 2011, specific reports be submitted to the relevant Executive Members.